



**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>



**CALIFORNIA BOARD OF ACCOUNTANCY  
 PUBLIC MEETING NOTICE FOR THE COMMITTEE ON PROFESSIONAL CONDUCT,  
 MOBILITY STAKEHOLDER GROUP, STRATEGIC PLANNING, AND CALIFORNIA BOARD  
 OF ACCOUNTANCY MEETINGS**

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| <b>DATE:</b> Thursday, September 17, 2015  | <b>COMMITTEE ON PROFESSIONAL CONDUCT MEETING</b><br><b>TIME:</b> 9:00 a.m.   |
| <b>DATE:</b> Thursday, September 17, 2015  | <b>MOBILITY STAKEHOLDER GROUP MEETING</b><br><b>TIME:</b> 9:30 a.m. or upon adjournment of the Committee on Professional Conduct Meeting |
| <b>DATE:</b> Thursday, September 17, 2015  | <b>STRATEGIC PLANNING COMMITTEE MEETING</b><br><b>TIME:</b> 10:00 a.m. or upon adjournment of the Mobility Stakeholder Group Meeting     |
| <b>DATE:</b> Thursday, September 17, 2015  | <b>CALIFORNIA BOARD OF ACCOUNTANCY MEETING</b><br><b>TIME:</b> 10:15 a.m. to 5:00 p.m.   |
| <b>DATE:</b> Friday, September 18, 2015  | <b>CALIFORNIA BOARD OF ACCOUNTANCY MEETING</b><br><b>TIME:</b> 9:00 a.m. to 2:00 p.m.  |
| <b>PLACE:</b> Wyndham Irvine-Orange County Airport<br>17941 Von Karman Avenue<br>Irvine, CA 92614<br>Telephone: (949) 863-1999 |  |

Enclosed for your information is a copy of the agendas for the Committee on Professional Conduct, Mobility Stakeholder Group, Strategic Planning Committee, and California Board of Accountancy meetings on September 17-18, 2015. For further information regarding these meetings, please contact:

Corey Riordan, Board Relations Analyst  
 (916) 561-1716 or [cfriordan@cba.ca.gov](mailto:cfriordan@cba.ca.gov)  
 California Board of Accountancy  
 2000 Evergreen Street, Suite 250  
 Sacramento, CA 95815

An electronic copy of this notice can be found at <http://www.dca.ca.gov/cba/calendar.shtml>

**The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Corey Riordan at (916) 561-1716, or email [cfriordan@cba.ca.gov](mailto:cfriordan@cba.ca.gov), or send a written request to the California Board of Accountancy Office at 2000 Evergreen Street, Ste. 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.**



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**CALIFORNIA BOARD OF ACCOUNTANCY  
 MOBILITY STAKEHOLDER GROUP**

**MEETING AGENDA**

**Thursday, September 17, 2015  
 9:30 a.m.**

**Or Upon Adjournment of the Committee on Professional Conduct Meeting**

**Wyndham Irvine-Orange County Airport  
 17941 Von Karman Avenue  
 Irvine, CA 92614  
 Telephone: (949) 863-1999**

**Important Notice to the Public**

All times indicated, other than those identified as "time certain," are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the Mobility Stakeholder Group Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 561-1716 or access the California Board of Accountancy's website at <http://www.cba.ca.gov>.

	<b><u>CBA Item #</u></b>
Call to Order, Roll Call, and Establishment of Quorum <b>(Katrina Salazar, Chair).</b>	
I. Approval of Minutes of the July 23, 2015 Mobility Stakeholder Group Meeting.	IX.C.
II. The Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives <b>(Written Report Only)</b> .	VIII.C.2.
III. Timeline for Activities Regarding Determination to be Made Pursuant to Business and Professions Code Section 5096.21. <b>(Written Report Only)</b> .	VIII.C.3.
IV. Discussion Regarding the Minimum Amount of Information to be Posted on the Internet in Order to be Deemed Substantially Equivalent <b>(Matthew Stanley, Information and Planning Officer)</b> .	VIII.C.4.
V. Discussion Regarding Options Including a Possible Legislative Proposal for Expediting a Rulemaking Pursuant to Business and Professions Code Section 5096.21(a) <b>(Matthew Stanley, Information and Planning Officer)</b> .	VIII.C.5.

- VI. Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify (**Matthew Stanley, Information and Planning Officer**). VIII.C.6.
- VII. Discussion Regarding Proposed Agenda Items for the Next Mobility Stakeholder Group Meeting (**Matthew Stanley, Information and Planning Officer**). VIII.C.7.
- VIII. Public Comments.\*

### Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the Mobility Stakeholder Group are open to the public.

\*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Mobility Stakeholder Group prior to the Mobility Stakeholder Group taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Mobility Stakeholder Group. Individuals may appear before the Mobility Stakeholder Group to discuss items not on the agenda; however, the Mobility Stakeholder Group can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a))

California Board of Accountancy members who are not members of the Mobility Stakeholder Group may be attending the meeting. However, if a majority of members of the full California Board of Accountancy are present at the Mobility Stakeholder Group meeting, members who are not Mobility Stakeholder Group members may attend the meeting only as observers.

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**MSG Item I.**

September 17, 2015

**CBA Item IX.C.**

September 17-18, 2015

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

**MINUTES OF THE  
 July 23, 2015  
 MOBILITY STAKEHOLDER GROUP (MSG) MEETING**

**DRAFT**

Holiday Inn Capitol Plaza  
 300 J Street  
 Sacramento, CA 95814  
 Telephone: (916) 446-0100  
 Fax: (916) 446-0117

**CALL TO ORDER**

Katrina Salazar, Chair, called the meeting of the MSG to order at 9:00 a.m.  
 Ms. Salazar requested that the roll be called.

Members

Katrina Salazar, CPA, Chair	Present
Joe Petito, Vice Chair	Present
Don Driftmier, CPA	Present
Dominic Franzella	Present
Ed Howard, Esq.	Absent
Michael Savoy, CPA	Present
Stuart Waldman	Present

CBA Members Observing

Sally Anderson, CPA  
 Alicia Berhow  
 Jose Campos, CPA, President  
 Herschel Elkins, Esq.  
 Larry Kaplan  
 Deidre Robinson  
 Xochitl León  
 Mark Silverman, Esq.  
 Kathleen Wright, Esq., CPA

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Pat Billingsley, Regulations Analyst  
Stephen Cooney, Practice Privilege Coordinator  
Angela Crawford, Executive Assistant  
Paul Fisher, Supervising Investigative Certified Public Accountant  
Kathryn Kay, Legislation Analyst  
Corey Riordan, Board Relations Analyst  
Gina Sanchez, Chief, Licensing Division  
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Examination and Practice Privilege Manager  
Angela Wise, Criminal Offender Record Information Unit Manager

Committee Chairs and Members

Robert Lee, Chair, CPA, Peer Review Oversight Committee  
Jeffrey De Lyser, CPA, Chair, Enforcement Advisory Committee

Other Participants

Maria Caldwell, Chief Legal Counsel and Director of Compliance Services,  
National Association of State Boards of Accountancy (NASBA)  
Stacey Grooms, Regulatory Affairs Manager, NASBA  
Jason Fox, California Society of CPAs (CalCPA)  
Awet Kidane, Director, Department of Consumer Affairs (DCA)  
Christine Lally, Deputy Director, Board and Bureau Relations, DCA  
Pilar Oñate-Quintana, KP Public Affairs  
Jon Ross, KP Public Affairs  
Chandra Sharma, Principal, SCP-Group

- I. Approval of Minutes of the July 23, 2015 MSG Meeting.

**It was moved by Mr. Petito and seconded by Mr. Franzella to approve the minutes of the July 23, 2015 MSG Meeting.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, and Mr. Franzella.**

**No: None.**

**Abstain: Mr. Driftmier.**

**Absent: None.**

**The motion passed.**

II. The MSG Decision Matrix and Stakeholder Objectives (Written Report Only).

Mr. Stanley provided a written report highlighting decisions made by the MSG, as well as the stakeholder objectives identified to date.

III. Discussion and Recommendation Regarding the Timeline for Practice Privilege Activities Pursuant to Business and Professions Code Section 5096.21.

Mr. Stanley presented a revised timeline that included dates for activities related to determining other states' substantial equivalence to the NASBA Guiding Principles of Enforcement (Enforcement Guidelines), making state-by-state determinations and preparing the final report on the practice privilege program for the Legislature.

To arrive at the timeline, staff calculated the dates based on the two firm dates in Business and Professions Code (BPC) section 5096.21 and the length of time it takes to complete a rulemaking should one be needed. The two dates are January 1, 2018, when the final report on the Practice Privilege program is due to the Legislature, and January 1, 2019, which is the sunset date for the program.

**It was moved by Mr. Driftmier and seconded by Mr. Petito to recommend that the CBA approve the proposed timeline.**

**Yes: Mr. Dirftmier, Mr. Franzella, Mr. Petito, Ms. Salazar, Mr. Savoy, Mr. Waldman.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

IV. Discussion and Decision Regarding the Approach for Comparing State Boards of Accountancy's Enforcement Practices to the National Association of State Boards of Accountancy's Guiding Principles of Enforcement.

Mr. Stanley stated that this item would provide the MSG with an opportunity to recommend a comprehensive approach by which the CBA will compare other states' enforcement practices to the NASBA Enforcement Guidelines. Mr. Stanley reviewed the statutory conditions that a state must meet in order to remain in the program, emphasizing that this agenda item will lay the groundwork for how the CBA will proceed in determining whether a state has in place, and is operating pursuant to, enforcement practices substantially equivalent to the best practices guidelines.

Mr. Stanley presented the MSG with a brief overview of another condition, which requires the disciplinary history of a state's licensees to be publicly available through the Internet. It was reported that, in a future agenda item, the CBA will need to discuss the question of what constitutes disciplinary history in order to make final determinations. Mr. Stanley stated that staff have been interpreting disciplinary history to mean that a consumer can find on the Internet, for any CPA licensee, whether there was prior discipline regardless of timeframe or current license status.

Mr. Ross presented the MSG with an additional viewpoint regarding disciplinary history by indicating that the wording of this section could potentially allow for and include information posted on the CBA's own website.

Mr. Stanley stated that since a project of this size may require feedback and direction, staff are recommending that the CBA direct the MSG to meet in conjunction with each CBA meeting until the project is complete.

Mr. Stanley reported that staff have identified three entities that the CBA may choose to perform the research needed to compare other states' enforcement practices to the NASBA Enforcement Guidelines, which include a consultant, staff, or NASBA. The concept of the State Information Sheet was presented to the MSG, which would guide the research through the NASBA Enforcement Guidelines and other information requested by the CBA.

Mr. Stanley presented, in detail, the three possible methods to perform the research, outlining the approach, deliverables, timeline, and next steps associated with each.

Ms. Salazar stated that the current, streamlined MSG meeting schedule may no longer be adequate, and called for a motion to address the schedule.

**It was moved by Mr. Petito and seconded by Mr. Driftmier to recommend that the CBA direct the MSG to meet in conjunction with scheduled CBA meetings until the project is complete.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, Mr. Driftmier, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

Mr. Savoy requested that the NASBA representatives address their thoughts regarding the process and how they can assist the CBA in this project.

Ms. Caldwell clarified that NASBA would not necessarily use the State Information Sheet as addressed previously in Mr. Stanley's report; however, she stated that NASBA has their own database, which is as detailed as the State Information Sheet and mirrors the information contained in the NASBA Enforcement Guidelines.

Mr. Petito stated that NASBA has a wealth of knowledge and is the best entity to perform this research while expressing his concerns with other approaches. He recommended that the MSG discuss the possibility of developing expectations for NASBA in performing the research. He offered his opinion regarding the adequacy of disciplinary history being flagged through CPAverify and the CBA's website.

Ms. Caldwell stated that not all participating states provide enforcement data to CPAverify; however, the timeline will allow for NASBA to work with these states to ensure that this information is publicly available. She stated that NASBA is confident in their ability to provide the CBA with the requested information well within the proposed timeline while giving the CBA time to follow-up with boards that require more information.

**It was moved by Mr. Driftmier and seconded by Mr. Petito that the MSG recommend that the CBA adopt NASBA as the entity to perform the research.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, and Mr. Driftmier.**

**No: None.**

**Abstain: Mr. Franzella.**

**Absent: None.**

**The motion passed.**

**It was moved by Mr. Petito and seconded by Mr. Savoy that the MSG recommend that the CBA direct staff to communicate to NASBA that it use the State Information Sheet as the foundation for pursuing its research.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, Mr. Driftmier, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

**It was moved by Mr. Petito and seconded by Mr. Savoy that the MSG recommend that the CBA direct staff to communicate to NASBA that there be an adequate mechanism for staff to assess the information collected by NASBA based on a prioritization of states.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, Mr. Driftmier, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

**It was moved by Mr. Petito and seconded by Mr. Savoy that the MSG recommend that the CBA direct staff to communicate to NASBA that it utilize the timeline established in undertaking its research.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, Mr. Driftmier, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed**

**It was moved by Mr. Petito and seconded by Mr. Savoy that the MSG recommend that the CBA direct staff to communicate to NASBA that CPAverify be considered as a factor when determining if disciplinary history is available on the internet.**

**Yes: Ms. Salazar, Mr. Petito, Mr. Waldman, Mr. Savoy, Mr. Driftmier, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed**

V. The MSG Decision Matrix and Stakeholder Objectives.

Mr. Stanley reported NASBA will hold its 108th Annual Meeting October 25-28 in Dana Point, CA.

Mr. Stanley also reported that there are still five states not yet participating in the Accountancy Licensee Database (ALD) and CPAverify, which are Delaware, Hawaii, Michigan, Utah, and Wisconsin. It is anticipated that Michigan will be participating within a few months.

VI. Discussion Regarding Proposed Agenda Items for the Next MSG Meeting.

Mr. Stanley reported that staff will bring forward an item to discuss any update on the progress made regarding the comparison of other states' enforcement programs to the NASBA Enforcement Guidelines.

The MSG added an item to discuss what constitutes disciplinary history.

VII. Public Comments.

There were no public comments.

There being no further business, the meeting was adjourned at 10:08 p.m.



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**MSG Item II.**  
September 17, 2015

**CBA Item VIII.C.2.**  
September 17-18, 2015

## **The Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives**

**Presented by:** Written Report Only

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### **Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with its decision matrix (**Attachment 1**) and stakeholder objectives (**Attachment 2**).

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At its March 2014 meeting, staff presented the MSG with a plan to maintain a decision matrix in order to track decisions made by the MSG. The purpose for the decision matrix was to assist the MSG and staff in determining what activities have been accomplished and what decisions still remain for discussion.

In addition, the MSG is charged with considering whether the provisions of the California practice privilege law “satisfy the objectives of stakeholders of the accounting profession in this state, including consumers.” At its July 2014 meeting, the MSG established two stakeholder objectives and requested that they be provided at future meetings in order that the MSG may continue to revise and add to them as needed.

### **Comments**

Staff will continue to provide the decision matrix and stakeholder objectives as a written report only agenda item unless otherwise directed by the MSG.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachments**

1. MSG Decision Matrix
2. Stakeholder Objectives



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**Attachment 1**

## **MSG Decision Matrix**

<b><u>Date</u></b>	<b><u>Decision</u></b>
March 2014	The MSG will meet three times per year in conjunction with the March, July and November CBA meetings.
March 2014	The MSG will prepare a written report to the CBA at least once per calendar year.
March 2014	The MSG will prepare a final report in time to be considered by the CBA as it prepares its final report to the Legislature which is due January 1, 2018.
November 2014	The MSG adopted the following definition for "stakeholders:" Stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA's actions, objectives, and policies.
March 2015	The MSG approved the timeline for making determinations pursuant to Business and Professions Code (BPC) section 5096.21. The MSG agreed that staff will prepare a letter for each state to notify them of the process the CBA is undertaking and to request specific information that will assist the CBA as it makes the determinations pursuant to BPC section 5096.21. <sup>1</sup>
May 2015	The MSG opined that the National Association of State Boards of Accountancy's Guiding Principles of Enforcement (NASBA Enforcement Guidelines) meet or exceed the CBA's enforcement practices.
July 2015	The MSG selected NASBA to assist the CBA in comparing the enforcement practices of other states to the NASBA Enforcement Guidelines.
July 2015	The MSG will meet in conjunction with scheduled CBA meetings until the comparison project is complete.

<sup>1</sup> At its May 28-29, 2015 meeting, the CBA deferred the timeframe for sending the letter to the Executive Officer.

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**Attachment 2****Stakeholder Objectives**

<b>Date Added or Revised</b>	<b>Objective</b>
July 2014	Help out-of-state licensees know and understand their self-reporting requirements.
July 2014	Assure the CBA that all states have adequate enforcement.



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**MSG Item III.**  
September 17, 2015

**CBA Item VIII.C.3.**  
September 17-18, 2015

## **Timeline for Activities Regarding Determination to be Made Pursuant to Business and Professions Code Section 5096.21**

**Presented by:** Written Report Only

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### **Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with an opportunity to discuss items related to the timeline for practice privilege activities (**Attachment**) pursuant to Business and Professions Code (BPC) section 5096.21.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

In 2012, the Legislature revised the practice privilege law to eliminate the requirement for out-of-state licensees to provide notice and fee prior to obtaining a California practice privilege. BPC section 5096.21(a) requires the California Board of Accountancy (CBA) to make determinations as to whether allowing licensees of a particular state to practice in California under a no notice, no fee practice privilege violates its duty to protect the public. If this determination shows the public is at risk, the licensees of those particular states would, following a rulemaking by the CBA, revert back to using the prior practice privilege program with its notice and fee provisions. These determinations are to be made on and after January 1, 2016, and on an ongoing basis. In making the determinations, the CBA is required to consider three factors:

1. Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.
2. Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet website to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.
3. Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

## **Timeline for Activities Regarding Determination to be Made Pursuant to Business and Professions Code Section 5096.21**

Page 2 of 2

Alternatively, a state may be allowed to remain under the no notice, no fee practice privilege program under BPC 5096.21(c) if the following four statutory conditions are met:

1. The National Association of State Boards of Accountancy adopts enforcement best practices guidelines.
2. The CBA issues a finding that those practices meet or exceed the CBA's own enforcement practices.
3. A state has in place, and is operating pursuant to, enforcement practices substantially equivalent to the best practices guidelines.
4. Disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the CBA to link consumers to a website. The information available must be at least equal to the information that was previously available to consumers through the practice privilege form that was used in the CBA's notice and fee practice privilege program.

The initial timeline for this project was approved by the CBA at its March 2015 meeting.

### **Comments**

This agenda item is a standing item to keep members apprised of upcoming activities regarding the determinations made pursuant to BPC section 5096.21. It also serves as an opportunity for members to discuss any of the items on the timeline.

The timeline reflects the most current information available. Staff determined the timeline based on the following dates and timeframes:

- January 1, 2018 – Final report is due to the Legislature
- January 1, 2019 – Sunset date of the no notice, no fee practice privilege program
- 12 to 18 months – the amount of time normally required to complete the rulemaking process

The timeline may be changed as needed or as directed.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

Timeline for Practice Privilege Activities Pursuant to Business and Professions Code Section 5096.21



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**Attachment**

## **Timeline for Practice Privilege Activities Pursuant to Business and Professions Code Section 5096.21**

### **Substantial Equivalence to NASBA's Enforcement Guidelines**

Business and Professions Code (BPC) section 5096.21(c) states that a state's licensees may remain in the no notice, no fee practice privilege program if the following four conditions are met:

1. The National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines (Enforcement Guidelines).
2. The CBA issues a finding that those practices meet or exceed the CBA's own enforcement practices.
3. A state has in place, and is operating pursuant to, enforcement practices substantially equivalent to the best practices guidelines.
4. Disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the CBA to link consumers to a website. The information available must be at least equal to the information that was previously available to consumers through the practice privilege form that was used in the CBA's notice and fee practice privilege program.

This portion of the timeline outlines the activities surrounding the CBA's determination of which states' enforcement practices are substantially equivalent to NASBA's Enforcement Guidelines. While the law does not specify a date by which these activities must be concluded, staff developed this timeline keeping in mind the following dates and timeframes:

- January 1, 2018 – Final report is due to the Legislature
- January 1, 2019 – Sunset date of the no notice, no fee practice privilege program
- 12 to 18 months – the amount of time normally required to complete the rulemaking process

These dates are the only firm dates in BPC section 5096.21. There is no firm date by which the CBA must take action to remove a state or states from the no notice, no fee practice privilege program. This allows some flexibility for the CBA to work with an individual state in bringing it to a position where the CBA may indicate that they are substantially equivalent to the NASBA Enforcement Guidelines.

May 28, 2015	NASBA released its final version of its Enforcement Guidelines
May 28, 2015	CBA issued a finding that the NASBA Enforcement Guidelines met the CBA's enforcement practices
July 23, 2015	CBA determined how best to compare other states' enforcement practices with the NASBA Enforcement Guidelines
Summer/Fall 2015	Staff implemented NASBA as the method for comparing other states' enforcement practices with the NASBA Enforcement Guidelines
January 2016	CBA makes its initial determinations of substantial equivalence based on early research provided by NASBA.
September 2016	CBA reviews the final findings provided by NASBA.

#### State-by-State Determinations

After the CBA completes the portion of the timeline regarding substantial equivalence to the NASBA Enforcement Guidelines, there may be states that were not found to be substantially equivalent. If so, these states may still remain under the no notice, no fee practice privilege program if they are allowed to do so by the CBA in the state-by-state determination process.

The CBA must determine whether allowing the licensees of those states to practice in California under a practice privilege violates its duty to protect the public. In doing so, the CBA must consider the three items listed in BPC section 5096.21(b):

1. Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.
2. Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.
3. Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

The CBA is required to make the determinations using these considerations on and after January 1, 2016. The following portion of the timeline outlines the activities surrounding the CBA's determinations made for those states not found to be substantially equivalent to NASBA's Enforcement Guidelines.

September 2016	Staff requests information to assist the CBA in making the determinations from states not found by the CBA to be substantially equivalent to the NASBA Enforcement Guidelines
March 2017	CBA reviews information provided by those states and identifies any that are at risk of removal from the no notice, no fee practice privilege program
May and July 2017	CBA deliberates on states that should remain or be removed from the no notice, no fee practice privilege program
July 2017	CBA initiates Rulemaking to remove states, where the CBA determines that allowing the licensees of that state to practice in California under a practice privilege violates its duty to protect the public, from the no notice, no fee practice privilege program
November 2017	CBA conducts a public hearing on the Rulemaking and initiates a 15-day notice of changes to include any additional states
July 2017 – January 2019	CBA continues reviewing states regarding whether their licensees should remain or be removed from the no notice, no fee practice privilege program as needed

Practice Privilege Final Report to the Legislature

BPC section 5096.21(f) states:

On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

- (1) How the board has implemented this article and whether implementation is complete.
- (2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.
- (3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

At its initial meeting, the Mobility Stakeholder Group (MSG) decided to prepare a final report for the CBA to reference as it prepares its report to the Legislature by January 1, 2018. This portion of the timeline outlines the activities surrounding these reporting requirements.

July 2017	CBA receives the MSG's Final Report
September 2017	CBA reviews its draft Practice Privilege Report to the Legislature
November 2017	CBA approves the final version of the Practice Privilege Report to the Legislature
January 1, 2018	Practice Privilege Report due to the Legislature



**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>



**MSG Item IV.**  
September 17, 2015

**CBA Item VIII.C.4.**  
September 17-18, 2015

**Discussion Regarding the Amount of Disciplinary History Information to be Available on the Internet in Order to Meet Business and Professions Code Section 5096.21(c)(4)**

**Presented by:** Matthew Stanley, Information and Planning Officer

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**Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding the amount of information that must be posted on the Internet in order for a state to satisfy the requirement of Business and Professions Code (BPC) section 5096.21(c)(4) (**Attachment 1**).

**Action(s) Needed**

No specific action is required on this agenda item.

**Background**

BPC section 5096.21(a) requires the CBA to determine, on and after January 1, 2016, whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public. Alternatively, a state may be allowed to remain under the no notice, no fee practice privilege program under BPC 5096.21(c) if the following four statutory conditions are met:

1. The National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines.
2. The CBA issues a finding that those practices meet or exceed the CBA's own enforcement practices.
3. A state has in place, and is operating pursuant to, enforcement practices substantially equivalent to the best practices guidelines.
4. Disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the CBA to link consumers to a website. The information available must be at least equal to the information that was previously available to consumers through the practice privilege form that was used in the CBA's notice and fee practice privilege program.

## **Discussion Regarding the Amount of Disciplinary History Information to be Available on the Internet in Order to Meet Business and Professions Code Section 5096.21(c)(4)**

Page 2 of 4

The first condition was fulfilled when NASBA released its final Enforcement Guidelines in May 2015.

The second condition was fulfilled when the CBA issued a finding that those practices met the CBA's own enforcement practices at its May 28-29, 2015 meeting.

Fulfillment of the third condition is underway. At its July 22-23, 2015 meeting, the CBA selected NASBA to assist in comparing whether a state's enforcement practices are substantially equivalent to NASBA's Enforcement Guidelines.

With this agenda item, the CBA will gain a better understanding of the fourth condition in which the Legislature requires a minimum level of disciplinary history for state's licensees to be publicly available through the Internet. While a state may be deemed substantially equivalent to the NASBA Enforcement Guidelines, it must also satisfy this condition outlined in law to remain under the no notice, no fee practice privilege program.

At its July 2015 meeting, the CBA requested this agenda item to be brought to provide it with an opportunity to decide the level of information required to be posted on the Internet and how that information should be displayed. During the development of the agenda item, NASBA raised a legal question regarding whether the CBA had the legal authority to set the required disciplinary level higher than that established in BPC section 5096.21(c)(4). After consulting with Department of Consumer Affairs' legal counsel, it was determined that the Legislature had already established the minimum amount of information required in the law.

### **Comments**

BPC section 5096.21(c)(4) requires information to be publicly available in a manner that allows the CBA to link the consumer to an Internet website to obtain information that is at least equal to the information that was previously available on the California practice privilege form (**Attachment 2**). The form required a licensee to disclose whether or not they have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences:

- (1) an action by a state board of accountancy in which the only sanction was a requirement that the individual complete specified continuing education courses.
- (2) the revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew.

If a person indicated that they had a license surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned, the form required that additional information be provided through an attachment on which the person self-reported explanatory details.

## **Discussion Regarding the Amount of Disciplinary History Information to be Available on the Internet in Order to Meet Business and Professions Code Section 5096.21(c)(4)**

Page 3 of 4

The CBA would use whatever information the applicant provided as a starting point for conducting its own investigation. If circumstances warranted action, the CBA would revoke the practice privilege and post a flag on its website indicating the disciplinary action. Because the explanatory details provided by applicants could vary from person to person, the information that was consistently previously available through the practice privilege form was the indicator, or flag, that previous disciplinary action had been taken. Therefore, it appears this is the level of information that the Legislature is requiring to be publically made available through the Internet.

Staff performed research to identify Internet resources that make a flag for disciplinary history publicly available. To assist members, staff have provided an overview of the research (**Attachment 3**), which includes a review of how the CBA, CPAverify, and individual state websites display disciplinary history through the Internet. It is possible that some states may have laws that limit a board's ability to publicly display certain information.

Staff have also prepared preliminary findings regarding which states flag disciplinary history for their licensees on the Internet (**Attachment 4**). For those states where disciplinary history cannot be found by staff, it is expected that NASBA will work with those states to determine if such information is, or can be made, available on the Internet.

In order to best protect the consumers, the law appears to require that the disciplinary flag be available on the Internet in a manner that allows the public to check on any licensee in the country. Therefore, it would appear that having this disciplinary flag available on CPAverify or on another state board of accountancy website would be the appropriate location. However, another interpretation was put forward at the Mobility Stakeholders Group's July 2015 meeting that only those who are lawfully practicing in California under a practice privilege, and who have turned in a pre-notification form, need to be flagged for disciplinary history, and this flag could be on the CBA's own website.

### Next Steps

Absent other direction by the CBA, it is presumed NASBA will use the interpretations outlined in this agenda item as it begins reviewing states for substantial equivalency to the NASBA Guiding Principles of Enforcement, and NASBA will work with each state to determine if disciplinary history information is, or can be made, available on the Internet.

### Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

### Recommendation

Staff does not have a recommendation on this agenda item.

**Discussion Regarding the Amount of Disciplinary History Information to be Available on the Internet in Order to Meet Business and Professions Code Section 5096.21(c)(4)**

Page 4 of 4

**Attachments**

1. BPC section 5096.21
2. Prior Practice Privilege Form
3. An Overview of How Disciplinary History is Available on the Internet
4. Preliminary Findings Regarding Which States Flag Disciplinary History



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SACRAMENTO, CA 95815-3832  
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WEB ADDRESS: <http://www.cba.ca.gov>



**Attachment 1**

## **Business and Professions Code Section 5096.21**

### **5096.21**

(a) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require, by regulation, out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by former Section 5096, as added by Chapter 921 of the Statutes of 2004, and regulations adopted thereunder.

(b) The board shall, at minimum, consider the following factors in making the determination required by subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(c) Notwithstanding subdivision (a), if (1) the National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines, (2) the board, upon a majority vote at a regularly scheduled board meeting, issues a finding after a public hearing that those practices meet or exceed the board's own enforcement practices, (3) a state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices guidelines, and (4) disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the board to link consumers to an Internet Web site to obtain information at least equal to the information that was previously available to consumers through the practice privilege form filed by out-of-state licensees pursuant to former Section 5096, as added by Chapter 921 of the Statutes of 2004, no practice privilege form shall be required to be filed by any licensee of that state as required by subdivision (a), nor shall the board be required to report on that state to the Legislature as required by subdivision (d).

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this section no later than July 1, 2015. The board shall, prior to January 1, 2016, and

thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section.

(2) This subdivision shall become inoperative on July 1, 2017, pursuant to Section 10231.5 of the Government Code.

(e) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

(f) On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

(1) How the board has implemented this article and whether implementation is complete.

(2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.

(3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

(g) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.



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 CALIFORNIA BOARD OF ACCOUNTANCY  
 2000 EVERGREEN STREET, SUITE 250  
 SACRAMENTO, CA 95815-3832  
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**NOTIFICATION AND AGREEMENT TO CONDITIONS FOR THE PRIVILEGE TO  
 PRACTICE PUBLIC ACCOUNTING IN CALIFORNIA PURSUANT TO CALIFORNIA BUSINESS AND  
 PROFESSIONS CODE SECTION 5096 AND TITLE 16, DIVISION 1, ARTICLE 4 OF THE  
 CALIFORNIA CODE OF REGULATIONS**

**Attachment 2**

**CONTACT INFORMATION**

**Individual Information**

Name: \_\_\_\_\_ Prior Name(s): \_\_\_\_\_

Date of Birth: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Social Security Number: \_\_\_\_\_

Daytime Direct Telephone Number: \_\_\_\_\_ E-mail Address: \_\_\_\_\_  
 (optional)

**Certified Public Accounting Firm Information**

Complete the Certified Public Accounting Firm Information **ONLY** if the certified public accounting firm name you are associated with is different from the individual name above.

Certified Public Accounting Firm Name: \_\_\_\_\_

Firm Address: \_\_\_\_\_

Firm Main Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_ Firm Taxpayer ID Number: \_\_\_\_\_

Include additional certified public accounting firms you are associated with on Attachment 2, if necessary.

**Other Contact Information**

Address of Record (mailing address: fill out only if different from firm address or if no firm address is listed above): \_\_\_\_\_

**QUALIFICATION REQUIREMENTS**

**I state as follows:**

1.  I am an individual.
2.  a. My principal place of business is not in California; **OR**  
 b. I have a pending application for licensure in California under Sections 5087 and 5088.
3.  I qualify for a practice privilege based on my current, valid license to practice public accountancy in the following state:

State: \_\_\_\_\_ License Number: \_\_\_\_\_ Date Originally Issued: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

4.  a. The license identified in Item 3 is deemed substantially equivalent by the California Board of Accountancy; **OR**
- b. My individual qualifications have been determined by the National Association of State Boards of Accountancy (NASBA) to be substantially equivalent (NASBA file no. \_\_\_\_\_); **OR**
- c. I have continually practiced public accountancy as a certified public accountant under a valid license issued by any state for four of the last 10 years.
5.  a. I am submitting this notice to the CBA at or before the time I begin the practice of public accountancy in California; **OR**
- b. I am submitting this notice after I began the practice of public accountancy in California on \_\_\_/\_\_\_/\_\_. My reason(s) for not providing notice on or before that date is (are) provided below. (The safe harbor provision is referenced in Section 5096.14 of the California Business and Professions Code.)
- 
- 
6.  I have met the continuing education requirements and any exam requirements for the state of licensure identified in Item 3.

**I consent and agree to the following:**

7.  To comply with the laws of the state of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at [http://www.dca.ca.gov/cba/acnt\\_act.htm](http://www.dca.ca.gov/cba/acnt_act.htm)) and the regulations thereunder (accessible at <http://www.dca.ca.gov/cba/regs.htm>).
8.  To the personal and subject matter jurisdiction of the CBA including, but not limited to, the following:
- a. To suspend, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;
  - b. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and
  - c. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) or other relevant regulatory authorities.
9.  To respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.
10.  To the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:
- a. Contacting other state agencies;
  - b. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and
  - c. Contacting NASBA.
11.  In the event that any of the information in this notice changes, to provide the CBA written notice of any such change within 30 days of its occurrence.
12.  To submit any applicable fees timely.

## AUTHORITY TO SIGN ATTEST REPORTS

Choose **ONE** of the following options:

- I WISH** to be able to sign an attest report under this practice privilege, and I have at least 500 hours of experience in attest services. By checking this box, I agree to pay within 30 days of submission of this Notification Form, the \$100 Notification Fee which includes authorization to sign attest reports.

OR

- I DO NOT WISH** to be able to sign an attest report under this practice privilege. Under this choice, I may participate in attest engagements but may not sign an attest report. By checking this box, I agree to pay the \$50 Notification Fee, due within 30 days of submission of this Notification Form.

## DISQUALIFYING CONDITIONS

Please respond to the following items. For any items checked "Yes" in (A) – (G), you must provide additional information as requested in Attachment 1, and you are not authorized to practice in California unless and until you receive notice from the CBA that the privilege has been granted.

Please check "Yes" for any items even if they were previously reviewed and cleared by the Board in a past California Practice Privilege. To expedite the review process, please include the details of all disqualifying conditions, including those previously reported in the additional information you provide.

- |                          |                          |    |   |
|--------------------------|--------------------------|----|---|
| Y                        | N                        | A. | I have been convicted of a crime other than a minor traffic violation.  |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |
| Y                        | N                        | B. | I have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences:                                |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |
|                          |                          |    | (1) an action by a state board of accountancy in which the only sanction was a requirement that the individual complete specified continuing education courses.   |
|                          |                          |    | (2) the revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew. |
| Y                        | N                        | C. | I am currently the subject of an investigation, inquiry or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving my professional conduct.  |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |
| Y                        | N                        | D. | I have an unresolved administrative suspension or an unpaid fine related to a prior California Practice Privilege.  |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |
| Y                        | N                        | E. | I did not respond to a request for information from the CBA related to a prior California Practice Privilege.   |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |
| Y                        | N                        | F. | I have been notified by the CBA that prior Board approval is required before practice under a new California Practice Privilege may commence.   |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |
| Y                        | N                        | G. | I have had a judgment or arbitration award against me involving my professional conduct in the amount of \$30,000 or greater.   |
| <input type="checkbox"/> | <input type="checkbox"/> |    |   |

## REQUIRED ADDITIONAL INFORMATION

I currently hold a California Practice Privilege.  Yes  No

Expiration date: \_\_\_\_\_ Unique Identifier: \_\_\_\_\_

I have held a California CPA/PA license.  Yes  No License number: \_\_\_\_\_

In addition to the state of licensure identified in Item 3, I also am authorized to practice public accountancy in the following:

State: \_\_\_\_\_ License Number: \_\_\_\_\_

State: \_\_\_\_\_ License Number: \_\_\_\_\_

*Include additional licenses on Attachment 2, if necessary.*

*An answer of "No" to any of the following statements does not disqualify you from a California Practice Privilege.*

I am an associated person of a firm registered with the PCAOB.  Yes  No

My firm has undergone peer review within the last three years.  Yes  No

The state of licensure identified in Item 3 requires CE in fraud detection.  Yes  No

If yes, I have fulfilled this requirement.  Yes  No

**I, \_\_\_\_\_, understand that any misrepresentation or omission in connection with this notification disqualifies me from the California Practice Privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. I certify under penalty of perjury under the laws of the state of California that the foregoing information is true and correct.**

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

Unless you have checked "Y" to any items under Disqualifying Conditions, your privilege to practice commences with the submission of your properly completed notification. Your fee must be received within 30 days. Your privilege expires one year from the date of submission of this notification.



DEPARTMENT OF CONSUMER AFFAIRS  
CALIFORNIA BOARD OF ACCOUNTANCY  
2000 EVERGREEN STREET, SUITE 250  
SACRAMENTO, CA 95815-3832  
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**ATTACHMENT 1**

Name: \_\_\_\_\_  
Last First MI

1. If you checked "Yes" to any of items A – G under Disqualifying Conditions, please provide explanatory details:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. If you checked "Yes" to Item G under Disqualifying Conditions, please also provide:

Date of Judgment/  
Arbitration Award: \_\_\_\_\_ Jurisdiction/Court: \_\_\_\_\_ Docket No: \_\_\_\_\_

PERSONAL INFORMATION COLLECTION AND ACCESS: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privilege in California. Sections 5096 through 5096.15 of the California Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is ground for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the CBA, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680, regarding questions about this notice or access to records.





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## Attachment 3

### An Overview of How Disciplinary History is Available on the Internet

#### Disciplinary History Available on the CBA Website

Through license lookup, the CBA provides the consumer with an indication of whether a license has been subject to disciplinary actions and/or subsequent restrictions.

Consumers can then link to details, which contain the following information:

- Summaries, accusations and final decision orders for all decisions since July 1, 1993 for licenses revoked or surrendered, and those licensees with license restrictions.
- Summaries, accusations and final decision orders for all decisions taking effect on or after January 1, 2005 that resulted in a license being placed on probation. Prior to this date, for licenses that were placed on probation, the summaries, accusation and final decision orders were removed after seven years from the decision effective date. The website directs consumers to contact the CBA's Enforcement Division for further information regarding these actions.
- Current effective Interim Suspension Orders (ISO) or Temporary Restraining Orders (TRO).

California Board of Accountancy  
 Department of Consumer Affairs  
 California Board of Accountancy

Home License Lookup Consumers Licenses Applicants Forms Publications What's New Laws and Rules About Us Contact Us

California-Licensed CPAs | California-Licensed Accounting Firms | Out-of-State Licensed CPAs | Out-of-State Registered Accounting Firms |

### CALIFORNIA BOARD OF ACCOUNTANCY

Licensee Name: [REDACTED]  
 License Type: Certified Public Accountant  
 License Number: [REDACTED]  
 License Status: CLEAR, RESTRICTED [Definition](#)  
 Experience Completed: [A Definition](#)  
 Expiration Date: January 31, 2017  
 Issue Date: May 10, 1996  
 Address: [REDACTED]  
 City: [REDACTED]  
 State: CA  
 Zip: 95023  
 City: SACRAMENTO

**Disciplinary Actions/License Restrictions: Yes [Details](#)**

**Disclaimer for Disciplinary Action Summary**  
 The reports contained as part of this Web site represent summaries of those formal disciplinary orders issued by the Department of Consumer Affairs (Department) and its participating programs, boards, committees, and commissions, imposing suspension, revocation or other discipline. Disciplinary proceedings that are resolved by dismissal of the accusation or otherwise result in no actual discipline of a license are not reported at this Web site.  
 Summary information on recent orders is prepared approximately thirty (30) days after the final decision date of a disciplinary case. Therefore, although this web site may presently lack any such report, some licensees will actually be named in accusations, or be subject to disciplinary orders. The lack of a summary for a particular licensed person does not mean that the licensee has never been the subject of an accusation or administrative discipline.  
 The brief summaries offered at this web site are not intended as substitutes for the actual decisions and orders issued by the Department and its participating programs, boards, committees, and commissions. Copies of those decisions and orders are available at no cost by writing to the designated address for each program or board.  
 Also, the actions reported here may not be final and may not reflect any judicial action to stay or modify the administrative order. You should not take any action based on information contained in these summaries without verifying the information and determining whether the administrative order has been stayed or modified by a court. As used in this summary, the term "accusation" is a formal document that notifies a licensee of the agency's charges against the licensee, and that requests a disciplinary order. The licensee is entitled to contest the charges in a formal hearing before an administrative law judge. An accusation is usually resolved by an agency decision following such a hearing or by an agency decision pursuant to a settlement agreement. Often there is a considerable period of time between the date of filing an accusation and the resolution of the accusation.  
 The term "suspended" means that the licensee is prohibited for a period of time from engaging in activities for which licensure is required, usually for a specified number of days or months. A suspension will usually be imposed in conjunction with a lengthy period of probation of one or more years.  
 The term "revoked" means that the individual, partnership, or corporation is no longer licensed as a result of a disciplinary action. The revoked licensee has the right, one year or more after the revocation, to petition the California Board of Accountancy for reinstatement. Reinstatement of the revoked license must be approved by the Board and may include probation and/or terms and conditions.  
 For a copy of these actions, please contact the Board by mail, e-mail, telephone, or fax as listed below:  
 Email: [enforcementinfo@cba.ca.gov](mailto:enforcementinfo@cba.ca.gov)  
 Telephone: (916) 561-1729  
 FAX: (916) 263-3673

## Disciplinary History Available Through CPAVerify

CPAVerify provides an indication (Flag) of disciplinary history and provides the consumer with a disclaimer to contact the state board for official verification and further information. Of the 50 jurisdictions participating in CPAVerify, 31 provide information to the site regarding disciplinary history. If a participating state does not provide disciplinary history to CPAVerify, the report will specify that the state does not provide this type of data.

08/17/15 11:02:24  
CPAVerify Individual Report Results

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NAME: ██████████  
STATE OF LICENSE: AZ  
LAST UPDATED: 2015-08-15

Address: ██████████  
License/Permit/Certificate Number: ██████████  
Registration Number: ██████████  
License/Permit/Certificate Status: ACTIVE

License/Certificate Status Details: INDIVIDUAL: A certificate whose holder is current with all requirements for certification and is authorized to use the CPA designation.  
FIRM: A firm whose partner is current with all requirements for registration and is authorized to use the CPA designation and represent to the public that it is a CPA firm.  
CPA  
An individual that holds a license to practice public accounting or is an individual exercising practice privileges pursuant to Arizona Administrative Code and Arizona Revised Statutes Title 32, Chapter 6.

License Type: CPA  
License Type Details: An individual that holds a license to practice public accounting or is an individual exercising practice privileges pursuant to Arizona Administrative Code and Arizona Revised Statutes Title 32, Chapter 6.

Basis for License: 2013-10-07  
Issue Date:  
Expiration Date:  
Enforcement, Non-Compliance or Disciplinary Actions: State Does Not Provide This Type of Data At This Site  
Other Information: The Arizona Board only lists licenses that it is currently regulating or has regulated in the last ten years. Call our office to inquire about CPAs or CPA firms that have not been regulated in over ten years.

Contact the Board for official verification of information.

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Details of Enforcement, Non-Compliance or Disciplinary Actions:

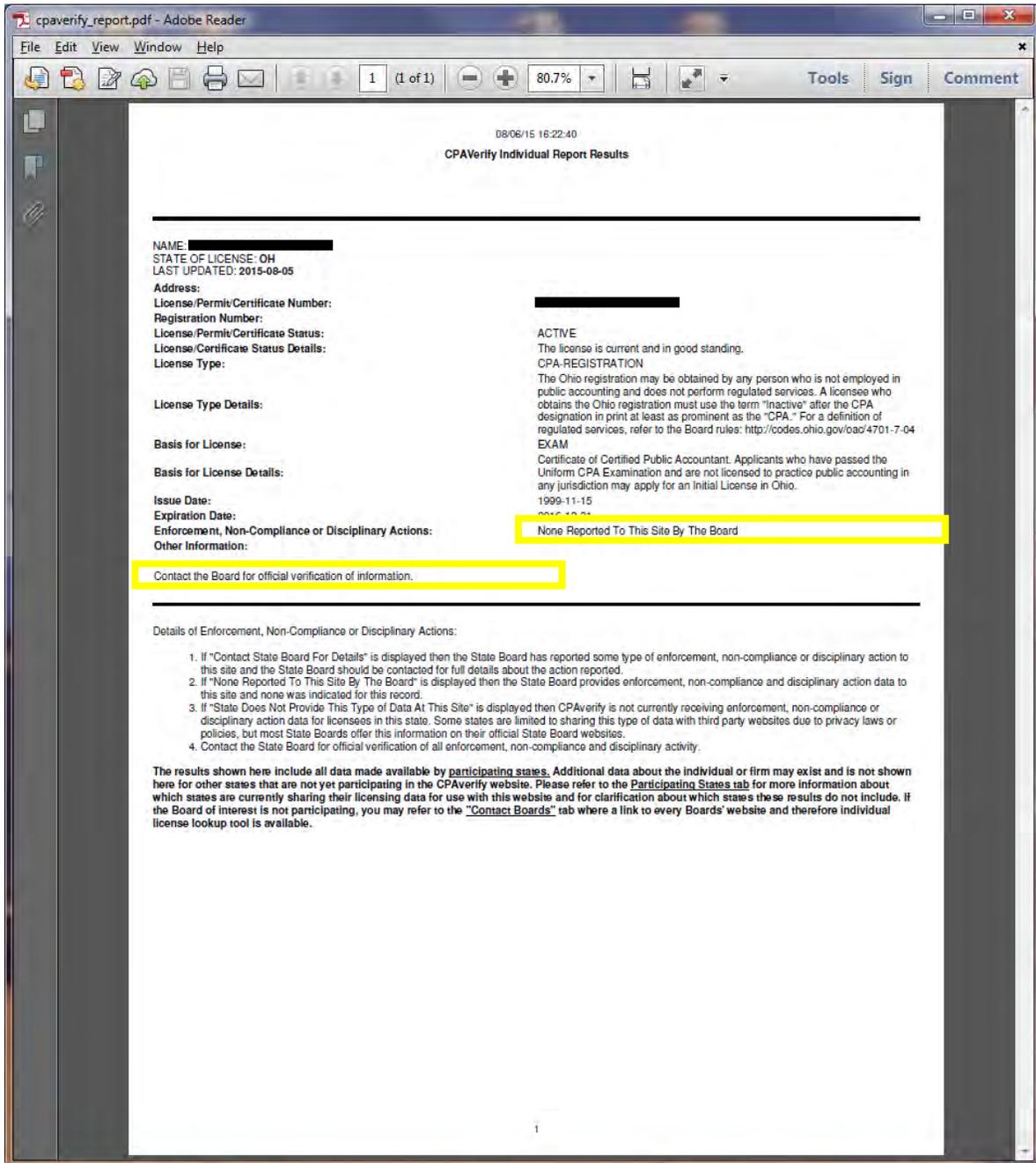
1. If "Contact State Board For Details" is displayed then the State Board has reported some type of enforcement, non-compliance or disciplinary action to this site and the State Board should be contacted for full details about the action reported.
2. If "None Reported To This Site By The Board" is displayed then the State Board provides enforcement, non-compliance and disciplinary action data to this site and none was indicated for this record.
3. If "State Does Not Provide This Type of Data At This Site" is displayed then CPAVerify is not currently receiving enforcement, non-compliance or disciplinary action data for licensees in this state. Some states are limited to sharing this type of data with third party websites due to privacy laws or policies, but most State Boards offer this information on their official State Board websites.
4. Contact the State Board for official verification of all enforcement, non-compliance and disciplinary activity.

The results shown here include all data made available by participating states. Additional data about the individual or firm may exist and is not shown here for other states that are not yet participating in the CPAVerify website. Please refer to the [Participating States tab](#) for more information about which states are currently sharing their licensing data for use with this website and for clarification about which states these results do not include. If the Board of interest is not participating, you may refer to the ["Contact Boards"](#) tab where a link to every Boards' website and therefore individual license lookup tool is available.

Page: 2 of 3 Words: 299 120%

The states that do provide disciplinary history to CPAVerify will return a search with one of the following two possible results.

- None reported to this site by the board. This means the state reports disciplinary history but none was reported for this person.



- Contact state board for details. This means the state reports disciplinary history, and this person has been flagged.

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Tools Sign Comment

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CPAVerify Individual Report Results

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NAME: [REDACTED]  
 STATE OF LICENSE: CO  
 LAST UPDATED: 2015-08-09

Address: [REDACTED]  
 License/Permit/Certificate Number: [REDACTED]  
 Registration Number:  
 License/Permit/Certificate Status: ACTIVE

License/Certificate Status Details:  
 License Type: CPA  
 License Type Details: Certified Public Accountant  
 Basis for License: EXAMINATION  
 Basis for License Details: Colorado Certificate was granted based on fulfilling the Colorado Examination requirements.  
 Issue Date: 2004-05-21  
 Expiration Date: 2015-11-30  
 Enforcement, Non-Compliance or Disciplinary Actions: [Contact State Board For Details](#)  
 Other Information: [Contact the Board for official verification of information.](#)

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Details of Enforcement, Non-Compliance or Disciplinary Actions:

1. If "Contact State Board For Details" is displayed then the State Board has reported some type of enforcement, non-compliance or disciplinary action to this site and the State Board should be contacted for full details about the action reported.
2. If "None Reported To This Site By The Board" is displayed then the State Board provides enforcement, non-compliance and disciplinary action data to this site and none was indicated for this record.
3. If "State Does Not Provide This Type of Data At This Site" is displayed then CPAVerify is not currently receiving enforcement, non-compliance or disciplinary action data for licensees in this state. Some states are limited to sharing this type of data with third party websites due to privacy laws or policies, but most State Boards offer this information on their official State Board websites.
4. Contact the State Board for official verification of all enforcement, non-compliance and disciplinary activity.

The results shown here include all data made available by participating states. Additional data about the individual or firm may exist and is not shown here for other states that are not yet participating in the CPAVerify website. Please refer to the [Participating States](#) tab for more information about which states are currently sharing their licensing data for use with this website and for clarification about which states these results do not include. If the Board of interest is not participating, you may refer to the ["Contact Boards"](#) tab where a link to every Boards' website and therefore individual license lookup tool is available.

1

## Disciplinary History Available on the State Websites

States vary greatly in the amount of information they make available on their websites.

Oregon provides consumers with a full disclosure of disciplinary history, similar to that of California. A licensee with disciplinary history is flagged on the state's license lookup. The user is then directed to a disciplinary action report on the website which provides a full listing of final disciplinary actions.

The screenshot shows the Oregon Board of Accountancy website. The browser address bar displays `licenseesearch.oregonboa.com`. The page header includes the Oregon.gov logo and a navigation menu with options like 'TEXT SIZE: A+ A- A', 'TEXT ONLY', and 'TRANSLATE'. The main content area is titled 'Board of Accountancy' and features a sidebar with various links such as 'About Us', 'Address Change', 'Administrative Rules & Revised Statutes', etc.

A 'View Detail' pop-up window is open, displaying the following information:

Individual Information	
License Number	[REDACTED]
Status	REVOKED
Type	CPA
Name	[REDACTED]
Address	[REDACTED]
Date License Granted	2/3/2004
Expires	6/30/2012
Firm Name	[REDACTED]
Muni	[REDACTED]
CPE Carryover Hours	[REDACTED]
Disciplinary	Yes

Below the pop-up window, a table displays disciplinary actions:

	Status	Expires	Disciplinary
OR	Revoked	6/30/2012	Yes

A yellow box highlights the following text:

A 'Yes' answer in the disciplinary column indicates that the Oregon Board of Accountancy's record of the CPA, PA or registered firm includes a final outcome of one or more disciplinary actions. More detail on disciplinary actions is available on the front page of the Board's web site through the continually updated Disciplinary Action Report, posted in alphabetical and chronological order. Discipline is reported as 'yes' when the outcome is a final resolution of the matter. This means that if the Board has proposed disciplinary action, but the matter is not yet resolved either through a legal process or settlement agreement, it will not be flagged with a 'Yes' in the disciplinary column. If you need additional information on a disciplinary action beyond what is reported on the Board's web site, please contact Bethany Reeves at 503-378-2270 or by e-mail at [bethany.reeves@state.or.us](mailto:bethany.reeves@state.or.us)

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www.oregon.gov/boa/docs/DAR\_Alpha\_Mar\_2015\_formatted.pdf

Other bookmarks

1



## DISCIPLINARY ACTION REPORT IN ALPHABETICAL ORDER BY LAST NAME

Board of Accountancy (January 1, 2011 – March 9, 2015)

The following is a complete listing of all final public disciplinary actions or actions in lieu of discipline taken by the Board since 2010 and through January 1, 2015. This information is provided in accordance with the public records law, ORS 192.420 and ORS 676.175(3). If you require the full text of the Disciplinary Action, please refer to the last page of this report for contact information.

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**CASE #10-130CNK**

Settlement Agreement and Stipulated Final Order of Revocation (October 20, 2014)

In case #10-130CNK, the Board approved and adopted a settlement agreement which revokes Respondent's CPA certificate and permit, assesses civil penalties due to multiple rule violations, and terminates the Acarregui Accountancy PC registration.

In lieu of summarizing the contents of the settlement agreement, the full record of the document can be accessed here: [LINK](#)

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www.oregon.gov/boa/docs/DAR\_Alpha\_Mar\_2015\_formatted.pdf

Other bookmarks

Board Administrative laws and rules, Respondent gave the client his client file without the CPAs knowledge or consent. Respondent represented in a letter to the Board that he didn't solicit CPA's clients when, in fact, he had.

The Order provided and Respondent agreed to violations of: of OAR 801-030-0020(1) - Professional misconduct; and OAR 801-030-0020(7), Board communications and investigations, to pay civil penalties of \$500 and to complete 4 hours CPE in ethics.

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**CASES #12-072NK, 13-005, and 13-006**

Final Order by Default (License Revocation, Civil Penalties) (May 7, 2014)

In cases #12-072NK, 13-005 and 13-006 the Board issued a Notice of Intent to Impose Discipline and Notice of Right to Hearing on March 3, 2014, based on the Board's determination that there was sufficient evidence of a preliminary finding of violations by Respondent of at least twenty-two (22) violations of Oregon law and administrative rules, as follows:

1. Respondent violated ORS 673.320(3), Use of the title C.P.A., when he falsely represented himself as a CPA in his email signature line after his license to practice as a CPA had lapsed. (At least 6 violations)
2. Respondent violated OAR 801-030-0010(1)(b), Due Professional Care, when Respondent represented and promised his clients, both verbally and in writing, that he would provide tax services. Because Respondent's license had lapsed, said performance would constitute multiple violations of Oregon Board of Accountancy Administrative Statutes and Rules. Respondent's clients relied on Respondent's promises and paid Respondent for his services only to learn that Respondent could not lawfully provide the services, and that his representations and promises were false. Respondent did not inform his clients that he was unable to perform this work; as a result the clients' income tax filings were not timely filed with the taxing authorities. (At least 3 violations).
3. Respondent violated OAR 801-030-0015(2)(b), Requested records, when he did not respond to client requests for their records and documents and did not return the records to them. (At least 2 violations).
4. Respondent violated OAR 801-030-0020(1), Professional misconduct, when he stopped responding to client phone calls and email messages. (At least 6 violations).
5. Respondent violated OAR 801-030-0020(7), Board communications and investigations, when he failed to respond to at least five letters from the Board in connection with its investigations. (At least 3 violations).
6. Respondent violated OAR 801-030-0020(9), Notification of change of address, when he failed to notify the Board of his change of address, as evidenced by the return of letters sent to his office address of record. (At least 2 violations).

Respondent did not avail himself of the opportunity to request a hearing, and therefore a Final Order of Default imposing License Revocation and imposing a \$100,200 civil penalty and assessing \$500.00 in Board costs was issued on May 7, 2014.

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**CASE #12-033NK**

Page 21 of 34

Board of Accountancy – Alphabetical Disciplinary Report: Final Board Actions from January 1, 2011 – March 9, 2015

Texas provides a brief summary of disciplinary history on its license lookup, which includes the case number, the date the case was opened and closed, the outcome, and the result.

CPA Verify | cpaverify\_report (11).pdf | Texas State Board of Public Accountancy

https://www.tsbpa.state.tx.us/php/fpl/indlookup.php?x=o8wj8%2B%2FFVfo%3D

Apps For quick access, place your bookmarks here on the bookmarks bar. Import bookmarks now... Other bookmarks

 **Texas State Board of Public Accountancy**  
William Treacy, Executive Director

**Individual Licensee - [REDACTED]**

[Search Help](#) | [Status Values](#) | [Terms of Use](#)

Certificate last name  
[REDACTED]

Contact information (most recent)  
[REDACTED]

Date certified/registered  
02/28/1983

License expiration date  
12/31/1987

**Status**

**Administrative Revocation**

Employment areas most recently reported

Full time  
NONE REPORTED

Part time  
NONE REPORTED

Firms in which the individual is a partner, shareholder, owner, officer, director, or resident manager  
NO OWNERSHIP REPORTED

History of disciplinary actions  
Complaint 9011-1574L was opened on 11/05/1990 and was closed on 01/24/1991 with a resolution, Revocation.  
Violation(s) Regarding:  
• Nonpayment of fees for 3 years, Administrative action

[Back to Selection](#) [TSBPA Home](#)

Maryland, through its online license search, provides basic information for its “active” licensees only. No indication or flag or disciplinary history is available.

STATE OF MARYLAND  
**DLLR**  
DEPARTMENT OF LABOR, LICENSING AND REGULATION

**Results for Active Licensed Certified Public Accountants: 105**

The following results do not include current licensees who are on inactive status.

Name	Address	City	State	Zip	Expiration	Category	Reg. #
		BALTIMORE	MD	21210	2017-01-19	ACTIVE C.P.A.	
		HOWARD BEACH	NY	11414	2016-12-31	ACTIVE C.P.A.	
		CABIN JOHN	MD	20818	2015-10-05	ACTIVE C.P.A.	

**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>

**Attachment 4**

### Preliminary Findings Regarding Which States Flag Disciplinary History

	Jurisdiction	Participating in CPA Verify	Disciplinary History Flagged through CPA Verify	Disciplinary History Flagged on State's Website – "No" answers may require additional research
1	Alabama	X	No	No
2	Alaska	X	No	Yes
3	Arizona	X	No	No
4	Arkansas	X	Yes	No
5	CNMI	X	No	No
6	Colorado	X	Yes	Yes
7	Connecticut	X	Yes	No
8	Delaware		N/A	Yes
9	DC	X	No	No
10	Florida	X	Yes	Yes
11	Georgia	X	Yes	No
12	Guam	X	Yes	Yes
13	Hawaii		N/A	Yes
14	Idaho	X	Yes	Yes
15	Illinois	X	Yes	Yes
16	Indiana	X	No	Yes
17	Iowa	X	Yes	Yes
18	Kansas	X	Yes	Yes
19	Kentucky	X	Yes	Yes
20	Louisiana	X	Yes	No
21	Maine	X	Yes	Yes
22	Maryland	X	No	No
23	Massachusetts	X	Yes	Yes
24	Michigan		N/A	No
25	Minnesota	X	No	No
26	Mississippi	X	No	No
27	Missouri	X	Yes	Yes
28	Montana	X	Yes	No
29	Nebraska	X	Yes	Yes
30	Nevada	X	Yes	No
31	New Hampshire	X	No	No

32	New Jersey	X	Yes	Yes
33	New Mexico	X	No	Yes
34	New York	X	No	No
35	North Carolina	X	Yes	No
36	North Dakota	X	Yes	No
37	Ohio	X	Yes	No
38	Oklahoma	X	Yes	No
39	Oregon	X	Yes	Yes
40	Pennsylvania	X	Yes	Yes
41	Puerto Rico	X	No	No
42	Rhode Island	X	Yes	No
43	South Carolina	X	No	Yes
44	South Dakota	X	No	Yes
45	Tennessee	X	No	No
46	Texas	X	Yes	Yes
47	USVI	X	No	Yes
48	Utah		N/A	Yes
49	Vermont	X	No	Yes
50	Virginia	X	No	No
51	Washington	X	Yes	Yes
52	West Virginia	X	Yes	No
53	Wisconsin		N/A	Yes
54	Wyoming	X	Yes	Yes



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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>



**MSG Item V.**  
September 17, 2015

**CBA Item VIII.C.5.**  
September 17-18, 2015

**Discussion Regarding Options Including a Possible Legislative Proposal for  
Expediting a Rulemaking Pursuant to Business and Professions Code  
Section 5096.21(a)**

**Presented by:** Matthew Stanley, Information and Planning Officer

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**Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding options for expediting any potential rulemaking undertaken pursuant to Business and Professions Code (BPC) section 5096.21(a).

**Action(s) Needed**

The CBA may wish to pursue one of the options outlined in this agenda item regarding expediting any potential rulemaking undertaken pursuant to BPC section 5096.21(a).

**Background**

BPC section 5096.21(a) (**Attachment 1**) states that if the CBA determines that allowing individuals from a particular state to practice in California under a no notice, no fee practice privilege violates its duty to protect the public, it shall require, by regulation, out-of-state individuals licensed from that state, to file the notification form and pay the fees as required under the notice and fee practice privilege program.

As the normal rulemaking process takes between 12 to 18 months to complete, at the CBA's July 2015 meeting, it was requested that staff explore methods to reduce the rulemaking time to add and remove states from the no notice, no fee practice privilege program in order to better protect consumers.

**Comments**

Staff explored options for expediting the rulemaking process. The initial option that was explored involved pursuing a regulatory change that would allow the CBA to add and remove states from a list maintained outside of the regulations. After discussions with legal counsel, it was determined that this idea was not feasible because not putting the list of states in regulation may be considered a violation of the Administrative Procedure Act. Legal counsel has advised that the law requires the CBA to identify the particular state failing to meet its standards both at the meeting where the initial determination is made and later in regulation. Once the CBA has voted to remove a particular state from no notice, no fee practice privilege eligibility, the law requires the CBA to adopt

## Discussion Regarding Options Including a Possible Legislative Proposal for Expediting a Rulemaking Pursuant to Business and Professions Code Section 5096.21(a)

Page 2 of 3

regulations that require out-of-state individuals licensed from that state to meet the CBA's prior notice and fee requirements to practice in California under a practice privilege.

Further, the Office of Administrative Law (OAL) would not approve a regulatory proposal that fails to identify the specific state that the CBA had removed from its eligibility list because those affected by the regulation would not be able to easily identify which states were participating in the program at any given time. In further discussions with legal counsel, two other options were identified to expedite the regulatory action.

### Pursue Emergency Regulation

The first option would be to pursue the rulemaking as an emergency rulemaking. An emergency rulemaking can be in place quickly, usually within a few weeks. An emergency regulation becomes effective after approval by OAL, and remains in effect for 180 days unless it is readopted. The time period of effectiveness for a readoption is 90 days and no more than two readoptions are permitted. The CBA would still need to undertake the normal rulemaking process in order to make the emergency regulations permanent.

According to Government Code section 11342.545, "'Emergency' means a situation that calls for immediate action to avoid serious harm to the public peace, health, safety, or general welfare." The CBA would need to establish in its rulemaking by describing specific facts supported by substantial evidence that demonstrate the existence of an emergency and the need for immediate adoption of the proposed regulation. In addition, if the emergency existed and was known in sufficient time to have been addressed through non-emergency regulations, OAL requires the finding of emergency to include facts explaining the failure to address the situation through nonemergency regulations. A finding of emergency based only upon expediency, convenience, best interest, general public need, or speculation, is not adequate to demonstrate the existence of an emergency.

If the CBA were to pursue this option, it is not clear whether OAL would approve the regulations as an emergency. If OAL disagrees with the CBA's finding of emergency and disapproves the emergency action, the regulations would be processed in accordance with the regular rulemaking process (12-18 month timeframe). It is recommended that the emergency option only be used for removing states from the practice privilege program to protect the public. Adding states may not be seen as an emergency as it may not be viewed as protecting the public from any serious harm. Should the CBA choose this option, no further action would be needed until the time came to direct staff to undertake the potential rulemaking.

### Change Law to Authorize Adoption of Emergency Regulations

The second option would be to amend BPC section 5096.21(a) to provide for a legislatively declared emergency. Suggested language is provided in **Attachment 2**.

## **Discussion Regarding Options Including a Possible Legislative Proposal for Expediting a Rulemaking Pursuant to Business and Professions Code Section 5096.21(a)**

Page 3 of 3

The timeframes outlined in the first option would still apply, but the CBA would not need to demonstrate by substantial evidence the existence of an emergency to OAL; an emergency would be presumed.

If the CBA chose to pursue the proposed legislative amendment, the emergency would only apply to removing states from the program as BPC section 5096.21(a) is specific to removing states from the no notice, no fee practice privilege program in order to protect the public. Should the CBA choose this option, staff would request that the proposed language be incorporated into next year's annual omnibus bill, or, if that is denied, attempt to find an author for the proposal.

If the CBA does not wish to pursue either of the two options for expediting the rulemaking process, the status quo would remain in effect. This would mean a rulemaking to add and remove states from the no notice, no fee practice privilege program could take between 12 and 18 months.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff recommend that if the CBA chooses to expedite the process that it select the option to change the law to authorize adoption of emergency regulations.

### **Attachments**

1. BPC Section 5096.21
2. Proposed Legislative Change to BPC Section 5096.21(a)

**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>

**Attachment 1****BPC Section 5096.21****5096.21**

(a) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require, by regulation, out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by former Section 5096, as added by Chapter 921 of the Statutes of 2004, and regulations adopted thereunder.

(b) The board shall, at minimum, consider the following factors in making the determination required by subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(c) Notwithstanding subdivision (a), if (1) the National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines, (2) the board, upon a majority vote at a regularly scheduled board meeting, issues a finding after a public hearing that those practices meet or exceed the board's own enforcement practices, (3) a state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices guidelines, and (4) disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the board to link consumers to an Internet Web site to obtain information at least equal to the information that was previously available to consumers through the practice privilege form filed by out-of-state licensees pursuant to former Section 5096, as added by Chapter 921 of the Statutes of 2004, no practice privilege form shall be required to be filed by any licensee of that state as required by subdivision (a), nor shall the board be required to report on that state to the Legislature as required by subdivision (d).

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this section no later than July 1, 2015. The board shall, prior to January 1, 2016, and thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section. (2) This subdivision shall become inoperative on July 1, 2017, pursuant to Section 10231.5 of the Government Code.

(e) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

(f) On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

(1) How the board has implemented this article and whether implementation is complete.

(2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.

(3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

(g) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

**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>

**Attachment 2****Proposed Legislative Change to BPC Section 5096.21(a)****5096.21**

(a) (1) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require, by regulation, out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by former Section 5096, as added by Chapter 921 of the Statutes of 2004, and regulations adopted thereunder.

(2) The board may adopt emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) to implement subdivision (a). The adoption of the regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code.

(b) The board shall, at minimum, consider the following factors in making the determination required by subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(c) Notwithstanding subdivision (a), if (1) the National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines, (2) the board, upon a majority vote at a regularly scheduled board meeting, issues a finding after a public hearing that those practices meet or exceed the board's own enforcement practices, (3) a state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices guidelines, and (4) disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the board to link consumers to an Internet Web site to obtain information at least equal to

the information that was previously available to consumers through the practice privilege form filed by out-of-state licensees pursuant to former Section 5096, as added by Chapter 921 of the Statutes of 2004, no practice privilege form shall be required to be filed by any licensee of that state as required by subdivision (a), nor shall the board be required to report on that state to the Legislature as required by subdivision (d).

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this section no later than July 1, 2015. The board shall, prior to January 1, 2016, and thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section. (2) This subdivision shall become inoperative on July 1, 2017, pursuant to Section 10231.5 of the Government Code.

(e) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

(f) On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

(1) How the board has implemented this article and whether implementation is complete.

(2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.

(3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

(g) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.



**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>



**MSG Item VI.**  
September 17, 2015

**CBA Item VIII.C.6.**  
September 17-18, 2015

## **Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify**

**Presented by:** Matthew Stanley, Information and Planning Officer

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### **Purpose of the Item**

The purpose of this agenda item is to allow the Mobility Stakeholder Group (MSG) the opportunity to discuss the National Association of State Boards of Accountancy's (NASBA) recent activities and CPAVerify.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At its November 2014 meeting, the MSG requested that NASBA activities and CPAVerify be added as a standing agenda item to allow for ongoing discussion.

The Accountancy Licensing Database (ALD) is a national database of certified public accountant license information. Only the CBA and other state boards of accountancy have direct access to ALD. CPAVerify is the public website that conveys information contained in the ALD database. If information is not available in ALD, it is not available on CPAVerify. The CBA maintains a link to CPAVerify on its website for the use of consumers and other stakeholders.

### **Comments**

#### **108<sup>th</sup> Annual Meeting**

NASBA will hold its 108<sup>th</sup> Annual Meeting October 26-28, 2015 in Dana Point, CA. Some of the major topics tentatively listed on the agenda include a review of the exposure draft for the New Uniform CPA Examination, limitations and challenges regarding today's availability of peer review information, and discussion panels to address meeting enforcement standards and recognizing changes in Education.

#### **Additional Information regarding NASBA's Activities and CPAVerify**

At this time, there are 50 jurisdictions participating in ALD and CPAVerify. NASBA continues its efforts to bring the remaining five onto the system. These five jurisdictions

## **Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify**

Page 2 of 2

are Delaware, Hawaii, Michigan, Utah, and Wisconsin. It is anticipated Michigan will begin using the ALD within the next few months.

NASBA has also been working closely with the Department of Labor (DOL) to enhance information-sharing with state boards of accountancy regarding referrals for deficient audits. It is anticipated the DOL will begin obtaining consent from those auditing benefit plans, which will aid the DOL in sharing their investigative files and findings with state boards and the American Institute of Certified Public Accountants. It is also anticipated that this effort will significantly streamline the disciplinary process. This may be a topic at the upcoming Annual meeting.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachment**

None.



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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>



**MSG Item VII.**  
September 17, 2015

**CBA Item VIII.C.7.**  
September 17-18, 2015

## **Discussion Regarding Proposed Agenda Items for the Next Mobility Stakeholder Group Meeting**

**Presented by:** Matthew Stanley, Information and Planning Officer

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### **Purpose of the Item**

The purpose of this agenda item is to establish the items that will be included on the next agenda for the Mobility Stakeholder Group (MSG).

### **Action(s) Needed**

The MSG will be asked to identify topics it wishes to discuss at its next meeting.

### **Background**

As the MSG is intended to be representative of “stakeholders of the accounting profession in this state, including consumers,” it may wish to set its future agenda during its meetings in order that all public input may be considered when deciding how best to proceed.

### **Comments**

The following topics are being proposed for consideration when determining the agenda for the next MSG meeting:

- Further Discussion Regarding the Progress Made in Comparing Other States to the National Association of State Boards of Accountancy’s Guiding Principles of Enforcement.

The MSG may wish to accept, alter, or add to these suggestions based on the direction in which it wishes to proceed.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachment**

None.