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DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 ENFORCEMENT ADVISORY COMMITTEE (EAC)

**MINUTES OF THE
 OCTOBER 24, 2013
 EAC MEETING**

DRAFT

Marriott Burbank Airport
 2500 N. Hollywood Way
 Burbank, CA 91505
 Telephone: (818) 843-6000

I. Roll Call and Call to Order.

The regularly scheduled meeting of the EAC was called to order at 9:00 a.m. on October 24, 2013 by EAC Chair, Cheryl Gerhardt.

Enforcement Advisory Committee

Cheryl Gerhardt, Chair	9:00 a.m. to 5:00 p.m.
Mary Rose Caras, Vice Chair	Absent
Joe Buniva	9:00 a.m. to 5:00 p.m.
Gary Caine	10:00 a.m. to 5:00 p.m.
Nancy Corrigan	9:00 a.m. to 5:00 p.m.
Jeffrey DeLyser	9:00 a.m. to 5:00 p.m.
Bill Donnelly	9:00 a.m. to 5:00 p.m.
Robert A. Lee	9:00 a.m. to 5:00 p.m.
Mervyn McCulloch	9:00 a.m. to 5:00 p.m.
James Rider	9:00 a.m. to 11:30 a.m.
Joseph Rosenbaum	9:00 a.m. to 5:00 p.m.
Seid Sadat	9:00 a.m. to 5:00 p.m.
Michael Schwarz	9:00 a.m. to 5:00 p.m.

Staff and Legal Counsel

Rafael Ixta, Enforcement Chief
 Paul Fisher, Supervising Investigative CPA
 Allison Nightingale, Enforcement Secretary
 Gogi Overhoff, Investigative CPA
 Marla Weitzman, Investigative CPA
 Tina MacGregor, Investigative CPA
 April Freeman, Enforcement Analyst
 Carl Sonne, Deputy Attorney General, Department of Justice

Other Participants

Herschel Elkins, CBA Liaison

II. Review Enforcement Files on Individual Licensees.

The EAC adjourned into closed session under provisions of Government Code section 11126(c)(2) and Business and Professions (B&P) Code section 5020. EAC members convened into closed session at 9:08 a.m. and reconvened into open session at 10:30 a.m.

III. Report of the Committee Chair.

A. Approval of the July 11, 2013 EAC Meeting Minutes.

It was moved by Mr. Caine, seconded by Mr. DeLyser, and unanimously carried to approve the minutes of the July 11, 2013 EAC meeting.

The minutes for this meeting will be submitted to the CBA members for review and adoption at the next CBA meeting.

B. Report of the July 25, 2013 and September 26-27, 2013 CBA Meetings.

Mr. Ixta attended the July 25, 2013 CBA meeting. He reported that EAC members Mervyn McCulloch and Jeff DeLyser were both re-appointed to the EAC. Mr. Ixta also reported that effective January 1, 2014 all licensees who do not have an electronic record of fingerprints on file with the California Department of Justice will be required to submit fingerprints prior to their license expiration date.

Ms. Gerhardt attended the September 26-27, 2013 CBA meeting. She reported that the majority of the meeting involved committee discussions which will be reported later by her and Mr. Ixta. She did state the CBA did adopt the 2014 EAC meeting dates, as recommended by the EAC. The dates are as follows:

- January 30, 2014 – North
- May 1, 2014 – South
- July 10, 2014 – North
- October 23, 2014 – South
- December 11, 2014 – South

IV. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Ixta provided an overview of the report. Mr. Ixta reported that as of August 31, 2013, the average days to close a case increased from 73 in the previous fiscal year to 123. This is partly due to the small sample period of 60 days. Three cases have been open for more than 24 months; two investigations are pending referral to the Attorney General's (AG) Office following investigative hearings. Another is still undergoing investigation after the initial scope was expanded. The number of investigations pending has decreased since the last report. However, the average age and median age have increased slightly. Enforcement management continues to monitor and prioritize investigations to manage both the priority of cases and the age of the inventory. The report was provided in the EAC packets.

V. Other Business.

A. Report of the September 26, 2013 Enforcement Program Oversight Committee Meeting.

Mr. Ixta reported that CBA staff presented proposed changes to the CBA Model Disciplinary Guidelines and Model Disciplinary Orders (Guidelines) to the Enforcement Program Oversight Committee (EPOC). Staff requested the EPOC to approve the additions and modifications that were presented to them at the meeting. The proposed additions and modifications to the current version of the Guidelines encompass new statutes and regulations enacted since the last revision of the Guidelines. Staff recommended six sections to be added to the Guidelines:

B&P Code sections

- 5058.3 – Retired Designation
- 5070.1 (b) – Practice With a Retired License Status
- 5071.2(b) – Practice With A Military License Status

CBA Regulations

- 37.5 – Fingerprinting
- 50.1 – Attest Client Notification
- 80 – Inactive License Status

Staff also made three additional changes to the Guidelines presented at the previous EPOC meeting, including modifying the restitution section, and changing the descriptions of B&P Code sections 5104 and 5105. The EPOC members adopted the proposed additions to the Guidelines.

B. Report of the July 24, 2013 and September 26, 2013 Taskforce to Examine Experience for CPA Licensure Meeting.

Mr. Ixta reported on the July 24, 2013 Taskforce meeting. The Taskforce discussed statistical information regarding the types of experience with which general and attest applicants are initially licensed, the percentage of California licensees in public versus non-public practice, peer review reporting information, and CBA enforcement-related disciplinary actions taken against licensees with general and attest licenses.

Ms. Gerhardt reported on the September 26, 2013 Taskforce meeting. The Taskforce discussed acceptance of academia as qualifying experience requirement for CPA licensure. The Taskforce recommended that the CBA explore the possibility for allowing academia to qualify as experience.

Ms. Gerhardt also reported that the Taskforce recommended the CBA to eliminate the two pathways to licensure and discontinue requiring completion of 500 hours of attest experience. There was discussion about how over 40 states have adopted the Uniform Accounting Act (UAA) model that requires one year of general accountancy experience and does not include completing experience in attest.

Mr. Elkins discussed that the role of the committee liaison is being revisited by the CBA president. He also solicited input from the EAC members regarding the

elimination of the 500 hours of attest experience and allowing academia to qualify as experience. He will report this information at the next CBA meeting.

C. Discussion of Travel and Reimbursement Rates Effective July 1, 2013 and September 1, 2013.

Mr. Ixta reported on new lodging and per diem rates that went into effect July 1, 2013 and September 1, 2013. The agenda item was provided in the EAC packets.

VI. Public Comments for Items Not on the Agenda.

There were no public comments offered during the meeting.

VII. Conduct Closed Hearings.

[Closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and B&P Code section 5020 conducted after the general meeting to interview individual accountants and to consider possible disciplinary action against accountants prior to the filing of an accusation.]

VIII. Adjournment.

The next EAC meeting is scheduled for December 12, 2013 at the Westin San Diego Hotel.

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:30 a.m. to reconvene in closed session at 1:00 p.m.

Cheryl Gerhardt, CPA, Chair
Enforcement Advisory Committee

Prepared by: Allison Nightingale, Enforcement Secretary