

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**MINUTES OF THE  
 March 19, 2015  
 MOBILITY STAKEHOLDER GROUP (MSG) MEETING**

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

**CALL TO ORDER**

Katrina Salazar, Chair, called the meeting of the MSG to order at 9:33 a.m. Ms. Salazar requested that the roll be called.

Members

|                             |         |
|-----------------------------|---------|
| Katrina Salazar, CPA, Chair | Present |
| Jose Campos, CPA            | Present |
| Ed Howard, Esq.             | Absent  |
| Dominic Franzella           | Present |
| Joe Petito, Esq.            | Present |
| Stuart Waldman              | Absent  |

CBA Members Observing

Alicia Berhow  
 Herschel Elkins, Esq.  
 Larry Kaplan  
 Kay Ko  
 Xochitl Léon  
 Michael Savoy, CPA  
 Mark Silverman, Esq.  
 Kathleen Wright, CPA

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer

Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Pat Billingsley, Regulations Analyst  
Kate Kay, Legislative Analyst  
Corey Riordan, Board Relations Analyst  
Paul Fisher, Supervising Investigative CPA  
Gina Sanchez, Licensing Chief  
Lauren Hersh, Information Officer  
Kristy Schieldge, Senior Staff Counsel, Department of Consumer Affairs, Legal Affairs  
Carl Sonne, Supervising Deputy Attorney General  
Matthew Stanley, Manager, Examination and Practice Privilege Units

Other Participants

Jason Fox, California Society of CPAs (CalCPA)  
Jon Ross, KP Public Affairs  
Jeffrey De Lyser, CPA, Chair, Enforcement Advisory Committee  
Manuel Ramirez, CPA  
Sherry McCoy, CPA, Peer Review Oversight Committee  
George Famalett, CPA, Pricewaterhouse Coopers

I. New Voting Procedure Effective January 1, 2015.

Mr. Stanley presented and outlined the new voting procedures effective January 1, 2015. Effective January 1, 2015, Government Code section 11123 was amended, by the passage of Assembly Bill 2720, to require that all state bodies publicly report any action taken and the vote or abstention on that action of each member present for the action.

II. Approval of Minutes of the November 20, 2014 MSG Meeting.

**It was moved by Mr. Campos and seconded by Mr. Petito to approve the minutes of the November 20, 2014 MSG Meeting.**

**Yes: Ms. Salazar, Mr. Petito, and Mr. Campos.**

**No: None.**

**Abstain: Mr. Franzella.**

**Absent: Mr. Howard and Mr. Waldman.**

**The motion passed.**

III. 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.

IV. Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Section 5096.2 through 5096.21.

Mr. Stanley provided an overview of the consumer protection provisions of the practice privilege law in Business and Professions Code (BPC) sections 5096.2 through 5096.21. Mr. Stanley noted that this was only an initial review as it is expected the MSG will again review the law in combination with the first few years of mobility statistics prior to issuing its final report in 2017.

Mr. Stanley indicated that the provisions that were reviewed included discipline of a practice privilege, administrative suspension, out-of-state firm registrations, the changes to the CBA website, and reporting requirements.

A final review of the law will take place in 2017.

V. Discussion and Approval of the MSG Annual Report.

Mr. Stanley presented the draft MSG Annual Report for 2014, which detailed the activities of the MSG during its first year. He noted the report also included overviews of the MSG and its responsibilities, the practice privilege program, and statistics of the practice privilege program. Mr. Stanley noted the report also detailed the anticipated topics of discussion for the MSG during 2015.

Mr. Campos requested an additional note be added to the Enforcement Division chart to reflect that the statistics pertaining to the Securities and Exchange Commission and Public Company Accounting Oversight Board disciplinary actions are not specific to California practice privilege holders or licensees. He further requested an additional note be added to the web usage chart to indicate the numbers are reporting the number of hits to specific web pages.

Ms. Salazar inquired as to whether the hits to each web page are unique hits. CBA staff will research the inquiry and add whether the hits are unique or not.

**It was moved by Mr. Campos and seconded by Mr. Petito to accept the Annual Report of the MSG with modifications to pages 6-7.**

**Yes: Ms. Salazar, Mr. Campos, and Mr. Petito.**

**No: None.**

**Abstain: Mr. Franzella.**

**Absent: Mr. Howard and Mr. Waldman.**

**The motion passed.**

VI. Report on the New York Board of Accountancy's Practice Privilege Program.

Mr. Stanley indicated that a question was raised during the MSG's November 2014 meeting regarding New York's experiences with the pre-notification requirement. He indicated that staff contacted the New York Board of Accountancy and were told they have not received any pre-notifications since implementation of the program.

VII. Discussion and Approval of the Timeline for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21.

Mr. Stanley presented a timeline for making determinations required pursuant to BPC section 5096.21. BPC section 5096.21(a) requires the 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. He noted these determinations are to be made on and after January 1, 2016.

Mr. Petito clarified that there is a second track to being deemed sufficient, which involves the National Association of State Boards of Accountancy's (NASBA) national enforcement guidelines and best practices.

Mr. Stanley indicated that states gaining approval through this second track would not fall under the proposed timeline.

**It was moved by Mr. Campos and seconded by Mr. Franzella to approve the timeline for making determinations pursuant to BPC section 5096.21.**

**Yes: Mr. Campos, Mr. Petito, Ms. Salazar, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Howard and Mr. Waldman.**

**The motion passed.**

VIII. Discussion Regarding the Basis for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21.

Mr. Stanley stated the CBA is required to consider three factors when making the determinations in January 2016, as follows:

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

He provided preliminary data for all three factors on a state-by-state basis. The MSG reviewed the data and provided input regarding additional data they wish to include.

Ms. Salazar asked whether information can be added reflecting which states had a mandatory peer review program. She also inquired as to the number of enforcement referrals California receives from each state.

Mr. Petito stated his concern with how to address those states to which California has not made enforcement referrals.

Staff will incorporate the following into the proposed letter:

- Whether each state has a mandatory peer review process.
- The number of enforcement referrals each state has made to the CBA.

Mr. Stanley recommended a letter be prepared for each state as notification of the process the CBA is undertaking to review each state, the possible ramifications for other states and licensees exercising a practice privilege in California, and to request additional information needed as identified by the MSG and CBA.

**It was moved by Mr. Campos and seconded by Mr. Petito to approve the basis for making determinations required pursuant to BPC section 5096.21**

**Yes: Ms. Salazar, Mr. Petito, Mr. Campos, and Mr. Franzella.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Howard and Mr. Waldman.**

**The motion passed.**

IX. Discussion Regarding the Practice Privilege Preliminary Determinations Report.

Mr. Stanley stated the practice privilege preliminary determinations report is due by July 1, 2015 as required pursuant to BPC section 5096.21(a). The MSG provided initial guidance on certain terms referred to in the law: timely and adequately addressing enforcement referrals, adequately linking consumers to electronic information, and appropriate discipline in light of the misconduct.

Ms. Salazar and Mr. Petito suggested using California's current performance measures as an initial guideline that may be altered as additional information is received.

Mr. Stanley reported the information that was available on the old practice privilege notification form is the minimum amount of information that needs to be available to consumers electronically.

Ms. Salazar requested the number of licensees in each state be ascertained and that each state be evaluated based on their size, procedures and laws.

The MSG decided not to name individual states in the draft report but wish to include a reference to the NASBA enforcement guidelines and best practices.

X. Discussion Regarding NASBA's Activities and CPAVerify.

Mr. Stanley provided a chart with data on each state regarding what enforcement-related information is available online regarding those states' licensees.

The MSG previously asked staff to determine if there was a timeframe for New York to correct their technical limitations in reporting disciplinary information to the Accountancy Licensee Database. Mr. Stanley reported it is a matter of New York's enforcement computer system, which belongs to the board's parent agency, and that New York has yet to determine when they will upgrade their e-licensing system at this time.

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

Mr. Stanley suggested the following items for the next MSG meeting:

- A review of the NASBA Enforcement Guidelines; and
- A review of additional information gathered to assist the CBA in making its determinations regarding other states.

The MSG had no objections or additions.

## XII. Public Comments.

There were no public comments.

There being no further business, the meeting was adjourned at 11:29 a.m.