CALIFORNIA BOARD OF ACCOUNTANCY
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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

FINAL

MINUTES OF THE May 19, 2006 BOARD MEETING

Hilton San Jose
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San Jose, CA 95110
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I. Call to Order.

President Ronald Blanc called the meeting to order at 9:02 a.m. on Friday, May 19, 2006, at the Hilton San Jose and the Board and ALJ M. Amanda Behe heard Agenda Items XII.A-B. The Board then convened into closed session at 9:40 a.m. to deliberate and also to consider Agenda Items XII.C-G. The meeting adjourned at 2:43 p.m.

Board Members	May 19, 2006
Ronald Blanc, President	9:02 a.m. to 2:43 p.m.
David Swartz, Vice President	9:02 a.m. to 2:43 p.m.
Ruben Davila, Secretary-Treasurer	9:02 a.m. to 2:43 p.m.
Richard Charney	9:02 a.m. to 2:43 p.m.
Angela Chi	9:02 a.m. to 2:43 p.m.
Donald Driftmier	9:02 a.m. to 2:40 p.m.
Sally Flowers	Absent
Sara Heintz	Absent
Thomas Iino	9:02 a.m. to 2:30 p.m.
Clifton Johnson	9:02 a.m. to 2:43 p.m.
Bill MacAloney	9:02 a.m. to 10:30 a.m.
Marcus McDaniel	9:02 a.m. to 2:43 p.m.
Robert Petersen	9:02 a.m. to 2:43 p.m.
Renata M. Sos	9:02 a.m. to 2:43 p.m.
Stuart Waldman	9:02 a.m. to 2:43 p.m.

Staff and Legal Counsel

Mary Crocker, Assistant Executive Officer
Michael Granen, Deputy Attorney General, Board Liaison
Greg Newington, Chief, Enforcement Program
George Ritter, Legal Counsel
Michele Santaga, Enforcement Analyst
Theresa Siepert, Executive Analyst
Carol Sigmann, Executive Officer
Aronna Wong, Regulation/Legislation Analyst

Committee Chairs and Members

Roger Bulosan, Chair, Qualifications Committee
Randy Miller, Vice Chair, Administrative Committee

Other Participants

Tom Chenowith
Julie D'Angelo Fellmeth, Center for Public Interest (CPIL)
Mike Duffey, Ernst & Young LLP
David Link, Senator Figueroa's Staff
Wendy Perez, Ernst & Young LLP
Hal Schultz, California Society of Certified Public Accountants (CalCPA)
Jeannie Tindel, California Society of Certified Public Accountants (CalCPA)

II. Board Minutes.

A. Draft Board Minutes of the March 16-17, 2006, Board Meeting.

The draft Board minutes of the March 16-17, 2006, Board meeting were adopted on the Consent Agenda. (See Agenda Item XIII.B.)

III. Report of the President.

Mr. Blanc welcomed new Board member, Mr. Marcus McDaniel. He indicated that he was a partner in the litigation department of the Los Angeles office of Latham & Watkins and his practice focused primarily on employment-related litigation and counseling. Mr. Blanc indicated that Mr. McDaniel received his B.A. degree from Wheaton College and his J.D. degree from Harvard University. On behalf of the Board, Mr. Blanc welcomed Mr. McDaniel and indicated that he looked forward to working with him.

Mr. Waldman reported that the Legislative Committee recommended that the Board not change its "oppose" position that was adopted at a previous meeting. The Board concurred with the Committee's recommendation.

f. AB 1868 (Bermudez) – Accountancy: Licensure.

Mr. Waldman reported that the Legislative Committee recommended that the Board not change its "support" position that was adopted at a previous meeting. The Board concurred with the Committee's recommendation.

g. AB 2927 (Leno) – Public Records.

Mr. Waldman reported that AB 2927 would require any state agency that has an Internet Web site to include on the homepage of that site specified information about how to request records under the Public Records Act and a form for submitting an online request. Copies of all records disclosed that year and copies of any communications denying a request would also need to be posted on the Web site.

Mr. Waldman indicated that each agency would also be required to post on its Web site the agency officials' statements of economic interests, employment or consulting contracts of the agency, and the terms of litigation settlements involving the agency. The second year after the effective date of this bill, state agencies would also be required to maintain a term-searchable archive of the above information from previous years. He noted that AB 2927 is currently in the Suspense File in the Assembly Appropriations Committee.

Mr. Waldman reported that staff have expressed concerns regarding the time frames in the bill and the cost of implementation, and the Department of Consumer Affairs has requested information on the costs and workload associated with implementing this bill. He indicated that the Legislative Committee recommended that the Board adopt a "watch" position on this bill and direct staff to work with the Department to communicate the workload and fiscal concerns.

It was moved by Mr. Johnson, seconded by Dr. Charney, and carried to adopt a "watch" position on AB 2927.
Mr. MacAloney and Mr. Iino were temporarily absent.

h. SB 503 (Figueroa) – Accountants.

Mr. Waldman reported that the Legislative Committee recommended that the Board not change its "support" position that was adopted at a previous meeting. The Board concurred with the Committee's recommendation.

i. AB 1363 (Jones) – Omnibus Conservatorship and Guardianship Reform Act of 2006.

Mr. Waldman reported that AB 1363 is one of two bills on the agenda developed in response to an LA Times series that discussed how the Guardian and Conservatorship System had failed to protect vulnerable adults, and even contributed to their abuse. He noted that the other bill is SB 1550.

Mr. Waldman indicated that to address this problem, AB 1363 would establish a licensing board within DCA to regulate conservators and guardians. Licensure would be required before a court could appoint the person to be a professional conservator or guardian. AB 1363 is awaiting a hearing in the Senate Business, Professions, and Economic Development Committee.

Mr. Waldman reported that it was clear that financial abuse of the elderly was a serious problem and that CPAs can become involved in seeking a solution. The Legislative Committee recommended that the Board adopt a "watch" position on this bill.

It was moved by Mr. Driftmier, seconded by Mr. Johnson, and carried to adopt a "watch" position on AB 1363.
Mr. MacAloney and Mr. Iino were temporarily absent.

j. AB 2344 (Chu) – Underground Economy and Tax Gap Act of 2006.

Mr. Waldman reported that AB 2344 requires the Franchise Tax Board (FTB) to develop and administer a second voluntary compliance initiative for taxpayers that used potentially abusive tax shelters to reduce their tax liability. It also requires the Employment Development Department to develop and administer an employment tax amnesty program.

Mr. Waldman indicated that AB 2344 is of interest to the Board because it would add a provision requiring the FTB to notify state and federal agencies when it imposes a penalty on a person that the state or federal agency oversees. It also requires that the