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*

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

FINAL

MINUTES OF THE JANUARY 16, 2009 BOARD MEETING

Hotel Kabuki
1625 Post Street
San Francisco, CA 94115
Telephone: (415) 922-3200
Facsimile: (415) 614-5498

Roll Call and Call to Order.

Vice President Manuel Ramirez called the meeting to order at 8:30 a.m. on Friday, January 16, 2009 at the Hotel Kabuki. The Board convened into closed session at 8:35 a.m. to deliberate Agenda Items I.A. - E. The meeting reconvened into open session at 9:20 a.m. and adjourned at 4:00 p.m.

Board Members	January 16, 2009
Robert Petersen, President	Absent
Manuel Ramirez, Vice President	8:30 a.m. to 4:00 p.m.
Lorraine Hariton, Secretary-Treasurer	8:30 a.m. to 4:00 p.m.
Sally Anderson	8:30 a.m. to 4:00 p.m.
Rudy Bermúdez	8:50 a.m. to 2:23 p.m.
Michelle Brough	8:30 a.m. to 4:00 p.m.
Angela Chi	8:30 a.m. to 4:00 p.m.
Donald Driftmier	8:30 a.m. to 3:44 p.m.
Herschel Elkins	8:30 a.m. to 3:22 p.m.
Louise Kirkbride	8:30 a.m. to 4:00 p.m.
Leslie LaManna	8:30 a.m. to 4:00 p.m.
Marshal Oldman	8:30 a.m. to 4:00 p.m.
David Swartz	8:30 a.m. to 4:00 p.m.
Lenora Taylor	8:30 a.m. to 4:00 p.m.
Stuart Waldman	8:30 a.m. to 4:00 p.m.

Staff and Legal Counsel

Rich Andres, Associate Information Services Analyst

Marisa Becerra-Garcia, Executive Analyst
Patti Bowers, Executive Officer
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
Dominic Franzella, Renewal Coordinator
Dave Hansen, Staff Information Services Analyst
Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Information and Planning Officer
Gregory Newington, Chief, Enforcement Division
Deanne Pearce, Licensing Manager
Dan Rich, Assistant Executive Officer
Theresa Siepert, Manager, Administrative Division
Matthew Stanley, Legislation/Regulation Analyst
Liza Walker, Practice Privilege Coordinator

Committee Chairs and Members

Harish Khanna, Chair, Administrative Committee (AC)
Tracy Garone, Chair, Qualifications Committee (QC)

Other Participants

Bruce Allen, California Society of Certified Public Accountants (CalCPA)
Mike Duffey, Ernst & Young, LLP
Kenneth Hansen, KMPG, LLP
Patricia Harris, Deputy Director, Board Relations, DCA
Ed Howard, Center for Public Interest Law (CPIL)
Tracy Logan, CPIL
Carl Olson
Richard Robinson, E&Y, DT, PWC, KPMG, GT
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA
David B. Tolkan, Society of California Accountants
Mellonie Yang, Bureau Chief, Professional Fiduciaries Bureau, DCA

I. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)] Petition Hearings are Public Before the Board with a Subsequent Closed Session.

A. Gary Porter and Porter & Company – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Gary Porter and Porter & Company was adopted.

B. David B. Greenberg – Default Decision.

The Default Decision in the matter of the Accusation filed against David B. Greenberg was adopted.

the direction to proceed in selecting an outside consultant by the end of this month. She further estimated that an analysis of the Enforcement Program will take approximately three to four months, based on looking at other reports prepared by consultants evaluating other programs.

Ms. LaManna stated her belief that this is the most important issue the Board is currently facing, and that the Board needs additional ICPAs to staff the Enforcement Program.

It was moved by Ms. Kirkbride, and seconded by Ms. Hariton to withdraw Board sponsorship of the ICPA series salary increase. Mr. Ramirez, Mr. Bermúdez, Mr. Driftmier, Mr. Oldman, Mr. Waldman, Ms. Anderson, Ms. Brough, Mr. Elkins, Mr. Swartz, Ms. LaManna and Ms. Taylor opposed. The motion failed.

4. Update on Mobility and the Elimination of Pathway 1.

The Legislative Committee recommended that the Board approve sending a clarifying letter that more accurately depicts the Board's objective related to mobility to Assembly Members Niello and Ma.

It was moved by Ms. Kirkbride, seconded by Mr. Elkins, and unanimously carried by those present to send Assembly Members Niello and Ma a letter clarifying the Board's objective related to mobility.

Mr. Swartz stated his belief that the letter should include language reflecting that the Board had taken steps to show it will support legislation.

Mr. Ramirez directed Board staff to collaborate with Mr. Petersen and Mr. Swartz to ensure the letter represents the intention of the Board, and the letter should be mailed no later than two weeks from the date of the Board meeting.

XI. Appeals – Personal / Written.

A. Personal Appeals.

1. Charleen Bell – Licensing Applicant.

Ms. Charleen Bell, a licensing applicant, appeared before the Board to request the Board to intervene and require Robin Patterson, a California State University, Northridge employee and actively licensed CPA, complete and submit a Certificate of General Experience on her behalf.

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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

FINAL

MINUTES OF THE
JULY 23-24, 2009
BOARD MEETING

The Fairmont Hotel
4500 MacArthur Blvd.
Newport Beach, CA 92660
Telephone: (949) 476-2001
Facsimile: (949) 476-0153

Roll Call and Call to Order.

President Robert Petersen called the meeting to order at 2:34 p.m. on Thursday, July 23, 2009 at the Fairmont Hotel, and the Board heard Agenda Items I - V. The meeting adjourned at 4:18 p.m. Board President Petersen reconvened the meeting to order at 8:30 a.m. on Friday, July 24, 2009. The Board convened into closed session at 8:50 a.m. to deliberate Agenda Item VIII.A. – I. The meeting reconvened into open session at 10:10 a.m., and the meeting adjourned at 3:41 p.m.

Board Members	July 23, 2009
Robert Petersen, President	2:34 p.m. to 4:18 p.m.
Manuel Ramirez, Vice President	2:34 p.m. to 4:16 p.m.
Lorraine Hariton, Secretary-Treasurer	2:34 p.m. to 4:18 p.m.
Sally Anderson	2:34 p.m. to 4:18 p.m.
Rudy Bermúdez	2:34 p.m. to 4:12 p.m.
Michelle Brough	2:34 p.m. to 4:18 p.m.
Angela Chi	2:34 p.m. to 4:18 p.m.
Donald Driftmier	2:34 p.m. to 4:18 p.m.
Herschel Elkins	2:34 p.m. to 4:18 p.m.
Louise Kirkbride	2:34 p.m. to 4:18 p.m.
Leslie LaManna	2:34 p.m. to 4:18 p.m.
Marshal Oldman	2:34 p.m. to 4:18 p.m.
David Swartz	2:34 p.m. to 4:18 p.m.
Lenora Taylor	2:34 p.m. to 4:18 p.m.

Board Members	July 24, 2009
Robert Petersen, President	8:30 a.m. to 3:41 p.m.
Manuel Ramirez, Vice President	8:30 a.m. to 3:41 p.m.
Lorraine Hariton, Secretary-Treasurer	8:30 a.m. to 3:41 p.m.
Sally Anderson	8:30 a.m. to 3:41 p.m.
Rudy Bermúdez	8:49 a.m. to 3:41 p.m.
Michelle Brough	8:30 a.m. to 3:41 p.m.
Angela Chi	8:30 a.m. to 3:41 p.m.
Donald Driftmier	8:30 a.m. to 3:41 p.m.
Herschel Elkins	8:30 a.m. to 3:41 p.m.
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Leslie LaManna	8:30 a.m. to 3:41 p.m.
Marshal Oldman	8:30 a.m. to 3:41 p.m.
David Swartz	8:30 a.m. to 3:41 p.m.
Lenora Taylor	8:30 a.m. to 3:41 p.m.

Staff and Legal Counsel

Marisa Becerra-Garcia, Executive Analyst
Patti Bowers, Executive Officer
Veronica Daniel, Executive Support Analyst
Gary Duke, Legal Counsel, Department of Consumer Affairs
Dominic Franzella, Renewal Coordinator
Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Information and Planning Officer
Vincent Johnston, Analyst, Executive Unit
Larry Knapp, Supervising Investigative Certified Public Accountant
Catherine Messana, Certified Law Student, Department of Justice
David Montes, Certified Law Student, Department of Justice
Gregory Newington, Retired Chief, Enforcement Division
Deanne Pearce, Acting Chief, Licensing Division
Dan Rich, Assistant Executive Officer
Michele Santaga, Analyst, Enforcement Division
Matthew Stanley, Legislation/Regulation Analyst
Kathy Tejada, Manager, Enforcement Division

Committee Chairs and Members

Harish Khanna, Chair, Administrative Committee

Other Participants

Ira Berkowitz
Ken Bishop, National Association of State Boards of Accountancy (NASBA)
Kenneth Hansen, KPMG, LLP

Cathy Landau-Painter, KPMG
Dr. Craig Mills, American Institute of Certified Public Accountants (AICPA)
Carl Olson
Joe Petito
Richard Robinson, E&Y, DT, PWC, KPMG, GT
Hal Schultz, California Society of Certified Public Accountants (CalCPA)
David Tolkan, Society of California Accountants (SCA)
Jeannie Tindel, CalCPA

I. Roll Call and Call to Order.

Board President Petersen called the meeting to order on July 23, 2009.

II. Public Comments.

No comments were received.

III. Educational Presentation – License Renewal Process and Requirements.

Ms. Pearce conducted a presentation of the license renewal process and its requirements **(See Attachment _1_)**. She stated Board staff's goal is to audit 25 percent of licensees, and staff is working on implementing a database that will help streamline the process. She further stated the Board is scheduled for phase-in to DCA's BreEZe system in 2011. Ms. Bowers envisioned using the Board's internal information technology staff to bring certain functions online, but will work collaboratively with DCA on implementing the department-wide system.

IV. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce reported the examination fee for the Uniform Certified Public Accountant (CPA) Examination increased, and the Qualifications Handbook was revised and posted to the Board's Web site to notify applicants.

Ms. Pearce reported the Initial Licensing Unit has a zero backlog, and the current processing timeframe is no more than 30 days.

Ms. Pearce reported the Examination Unit has a current processing timeframe of less than 30 days, and is closely monitored by Board staff.

Ms. Pearce reported the Renewal and Continuing Competency Unit sent its first two batches of pre-selection continuing education audit letters, and anticipated providing the Board with preliminary statistics at the September 2009 Board meeting.

Mr. Elkins suggested using the teleconference option as a substitution. Mr. Petersen did not think this option was appropriate for thoroughly dissecting an issue, and that additional or longer Board meetings may be inevitable.

Mr. Bermúdez advocated for proceeding with the conference to enhance free-flow discussion in a non-adversarial environment.

D. Further Clarification on Cross-Border Practice and Mobility.

Ms. Pearce requested further clarification on what information the Board members wish to review to assist them in the consideration of cross-border practice and mobility **(See Attachment _8_)**.

Mr. Bermúdez requested scheduling a study session in the Legislative Committee to dissect the issue of mobility as soon as possible. Mr. Petersen stated he would like to focus on formulating other options and did not wish to place focus on Section 23 of the Uniform Accountancy Act (UAA).

Ms. Kirkbride suggested assessing the impact of inbound mobility and under what circumstances the Board grants inbound mobility.

Ms. Anderson inquired as to NASBA's position on the issue.

Ms. Taylor suggested re-visiting the objections and criticisms of the original bill related to mobility, and Mr. Petersen suggested pulling together historical significance and the latest changes.

Ms. Kirkbride suggested focusing on the enforcement issue and options the Board has in addressing those licensees which the Board has no jurisdiction over.

Mr. Petersen emphasized the importance of accumulating information, and once the information is gathered presentations conducted by NASBA may prove beneficial.

Ms. Hariton stressed the necessity of the Accountancy Licensee Database.

E. Consideration of the Draft 2009 Sunset Review Report.

Mr. Johnston presented the draft 2009 Sunset Review Report **(See Attachment _9_)**.

Mr. Ramirez requested Board members provide comments to

State of California
Department of Consumer Affairs

Memorandum

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Leg. Com. Agenda Item IV.
January 15, 2009

Board Agenda Item X.C.4.
January 16, 2009

To : Board Members
Legislative Committee Members

Date: January 13, 2009
Telephone: (916) 561-1718
Facsimile: (916) 263-3674
E-mail: pbowers@cba.ca.gov

From : Patti Bowers
Executive Officer

Subject : Update on Mobility and the Elimination of Pathway 1

On December 11, 2008, a letter was issued to Assembly Members Niello and Ma under the Board President's signature requesting that legislation regarding mobility and the elimination of Pathway 1 not be pursued in the coming year. **(See Attachment 1.)** As indicated in Matthew Stanley's issue paper regarding this same subject, at the November 2008 Board meeting, the Board decided to not presently pursue legislation related to the issues of mobility and the elimination of Pathway 1, but to take these issues off of the agenda until such time as the Board believes the timing is right to pursue appropriate legislation.

It has been requested by a Board member that a subsequent letter be sent to Assembly Members Niello and Ma clarifying the Board's position. **(See Attachment 2.)** If the Board so chooses, this letter can be sent with any revisions that the Board believes is necessary.

Attachments

STATE OF CALIFORNIA
dca
DEPARTMENT OF CONSUMER AFFAIRS

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2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
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FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

December 11, 2008

Attachment 1

The Honorable Roger Niello
California State Assembly
Sacramento, CA 95814

The Honorable Fiona Ma
California State Assembly
Sacramento, CA 95814

Dear Assembly Member Niello and Assembly Member Ma:

At its November meeting, the California Board of Accountancy voted to not move forward with cross-border legislation and the elimination of Pathway 1 in 2009. In the coming legislative year, the Board will be pursuing other important consumer protection programs that will require support from the Legislature, and the Board has expressed concern that the current legislative environment regarding the issue of cross-border practice and the elimination of Pathway 1 may have a negative impact on its 2009 legislative agenda.

To that end, I would respectfully request that legislation regarding mobility not be pursued in the coming year. I believe it is in the best interest of the public that the Board continue to examine its policies regarding mobility issues, as well as consider the best timing for future legislation on the matter. For that reason, the Board will not be able to support mobility legislation at this time.

I would like to thank you for your efforts on the Board's behalf during the past session; and I look forward to working with you again in the future.

Sincerely,

Robert Petersen, CPA
President

c: Carrie Lopez, Director, Department of Consumer Affairs
Members, California Board of Accountancy
Patti Bowers, Executive Officer

Attachment 2

The Honorable Fionna Ma
California State Assembly
State Capitol
Sacramento, CA 95814

The Honorable Roger Niello
California State Assembly
State Capitol
Sacramento, CA 95814

Dear Assembly Member Ma and Assembly Member Niello:

On behalf of the California Board of Accountancy (CBA), I wish to offer a clarification of my December 11, 2008, letter and my apologies for any confusion the letter may have caused. The California Board of Accountancy has not taken any action that would indicate that it would not support mobility legislation or legislation to eliminate Pathway 1. If legislation impacting the accounting profession is introduced this year, the CBA will consider it carefully prior to adopting a position.

At its November 2008 meeting, the CBA voted not to pursue legislation on these issues at this time. Additionally, the Board voted to sponsor two legislation initiatives this year and those are enacting mandatory peer review and pursuing a salary increase for our Investigative CPAs to assist in hiring for positions that are critically needed.

Sincerely,

Robert Petersen
Board President

c: Carrie Lopez, Director, Department of Consumer Affairs
Members, California Board of Accountancy
Patti Bowers, Executive Officer

State of California
Department of Consumer Affairs

Memorandum

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Leg. Com. Agenda Item IV.
January 15, 2009

Board Agenda Item X.C.4.
January 16, 2009

To : Board Members
Legislative Committee Members

Date: December 22, 2008
Telephone: (916) 561-1792
Facsimile: (916) 263-3678
E-mail: mstanley@cba.ca.gov

From : Matthew Stanley
Legislation/Regulation Coordinator

Subject : Update on Mobility and the Elimination of Pathway 1

Background:

At the November 2008 Board meeting, the Board decided to not presently pursue legislation related to the issues of mobility and the elimination of Pathway 1, but to take these issues off of the agenda until such time as the Board believes the timing is right to pursue appropriate legislation.

In light of the Board's actions at its November meeting, the Board President sent a letter to Assembly Members Roger Niello and Fiona Ma asking that they not author legislation on mobility in the coming year as it is in the best interest of the public that the Board continue to examine its policies regarding this issue, as well as consider the best timing for future legislation on this matter. (**Attachment 1**).

Update:

It has come to the attention of staff and several Board members that a bill regarding the elimination of Pathway 1 (and possibly a bill regarding mobility) will be introduced in the Legislature very soon. An article recently published in an industry periodical indicated industry support for legislation adopting the 150 hour pathway as the only available license pathway in California **(Attachment 2)**.

There was some discussion regarding whether or not the Board should take a position on the proposed legislation at this time. It is the opinion of staff that it is inappropriate to take a position at this time, as the Board must see the bill language in its entirety before being able to make an informed decision.

However, because of the sensitive nature of these topics as they relate to the Board's sponsorship and success of peer review legislation, it was considered important to keep the Board apprised of the impending legislation. Staff will identify the bill or bills when they are introduced and bring them before the Legislative Committee for action at the Board's March meeting.

Attachments

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December 11, 2008

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California State Assembly
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The Honorable Fiona Ma
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Sacramento, CA 95814

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I would like to thank you for your efforts on the Board's behalf during the past session; and I look forward to working with you again in the future.

Sincerely,

Robert Petersen, CPA
President

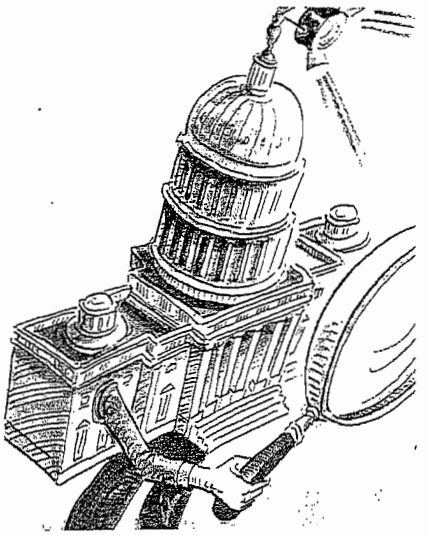
c: Carrie Lopez, Director, Department of Consumer Affairs
Members, California Board of Accountancy
Patti Bowers, Executive Officer

by Bruce C. Allen &
Jeannie Tindel

Attachment 2

All Aboard

Time for CA to Adopt the 150-Hour Educational Pathway



It's almost 2009, which makes the California Legislature 32 years late hopping on the 150-hour train.

Why is it important to get on the train? Adhering to national licensing standards is the only way California can obtain substantial equivalency, which will allow California CPAs to "practice" in other states on behalf of consumers.

What do you mean "practice?" You don't need to physically go to a state to practice in that state. Practice can mean:

- File an out-of-state tax return.
- Speak to an out-of-state banker on behalf of an in-state client.
- Send a business-related e-mail out of state.
- Perform an inventory in an out-of-state warehouse for an in-state audit client.
- Perform a forensic investigation into an out-of-state manufacturing site of a California-based company.

You get the idea.

Will other states really take enforcement action against us? Some states, such as Oregon, already do and several states passed legislation that says starting in 2012, CPAs from nonsubstantially equivalent states will not be able to practice in their states without obtaining that state's license.

What would an enforcement action look like? You could be barred from future practice in the state in question, and the charge of practicing without a license would be sent to the enforcement folks at the California Board of Accountancy, who might levy a fine, suspend your license or revoke it.

How do we get California into compliance? Conformity with national licensing standards defined by the Uniform Accountancy Act requires adherence to three main licensing requirements:

- Passage of the Uniform CPA Exam;
- One year of work experience; and
- 150 semester hours of education that include a bachelor's degree and a specified number of units in accounting and business subjects.

How is California out of synch? California issues about one-third of its licenses annually to candidates with only 120 hours of education.

How close are most graduates to 150? The average California CPA candidate today has completed 147.5 semester hours of education prior to sitting for the CPA Exam.

Why did the profession decide on more education? With the proliferation of standards and the increasing complexity of business, practitioners recognized that candidates needed additional units to achieve the broad-based communication skills, computer knowledge and analytical skills necessary to enter the profession and succeed. National CPA Exam data shows that candidates with 150 or more hours of education have far higher pass rates than those with only 120 hours of education.

What does the regulator say? The public-majority CBA supports the proposed changes to California's CPA licensing laws (i.e., adopting the 150-hour requirement as the sole educational pathway to licensure).

Is California the only 150-hour holdout? The District of Columbia and 46 states have adopted the 150-hour rule. It is the national standard, and, simply put, states that do not mandate 150 hours of education for all CPA candidates are considered substandard. California, New Hampshire, Colorado and Vermont do not meet the UAA's standard.

What difference does it really make? Assuming that reasonable minds could differ about whether the "best" educational requirement is 150 hours, 120 hours or some number in between, the fact is that the 150-hour standard, embodied in the UAA, is the national standard. California's failure to adopt that standard would deprive California CPAs of interstate mobility and severely hinder the ability of California CPAs to operate nationally and internationally in the global marketplace. If California retains its 120-hour option, the state would not have licensing requirements "substantially equivalent" to those of the UAA.

What is CalCPA doing about the problem? CalCPA has been fighting the 150-hour fight for years. In 2001, we experienced our greatest success when 150 hours became a licensure option, and every year since, more and more candidates have chosen to be licensed via the 150-hour pathway. In 2009, CalCPA will sponsor legislation that will mandate the 150-hour pathway as the only pathway to licensure effective 2012. The bill would grandfather in all CPAs who are licensed before 2012.

What can I do? Contact your legislators in the state Assembly and Senate. Explain how it is important to California businesses and consumers that their CPAs be able to serve their needs outside of California. And, frankly, that you work hard to uphold the integrity, trust and ethics of your profession, and your CPA license should not be second class.

Where do I get more information? For more resources, including a link to your legislators, visit www.calcpa.org/capitolbeat or contact our government relations team at 916 441-5351.

Bruce C. Allen is CalCPA's director of government relations. Jeannie Tindel is CalCPA's director of legislation.