CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
ENFORCEMENT ADVISORY COMMITTEE (EAC)

EAC MEETING
NOTICE & AGENDA

Thursday, July 6, 2017
9:00 a.m. – 5:00 p.m.

California Board of Accountancy
2450 Venture Oaks Way, Suite 420
Sacramento, CA 95833
(916) 263-3680

Important Notice to the Public
All times indicated, other than those identified as "time certain," are approximate and subject to change. Action may be taken on any item on the agenda. Agenda items may be discussed and action taken out of order at the discretion of the EAC Chair. The meeting may be canceled without notice. For verification of the meeting, call (916) 561-1730 or access the CBA website at www.cba.ca.gov.

I. Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Joseph Rosenbaum, CPA, Chair).

II. Tour of the New CBA Office

III. Report of the Committee Chair (Joseph Rosenbaum, CPA, Chair).
   A. Approval of the May 4, 2017 EAC Meeting Minutes.
   B. Discussion and Possible Action to Approve Proposed 2018 EAC Meeting Dates.
   C. Discussion Regarding the Roles and Responsibilities of EAC Members and Staff Related to the Investigative Hearing Process.

IV. Report of the CBA Liaison (George Famelett, CPA).

V. Report of the Enforcement Chief (Dominic Franzella).
   A. Enforcement Activity Report.
   B. Report of Accusations Filed and Final Disciplinary Orders.
Effective April 1, 2017 through June 1, 2017.

VI. Public Comments for Items not on the Agenda.

VII. Review Enforcement Files on Licensees.
[Closed Session: The EAC will meet in closed session to review and deliberate on enforcement files as authorized by Government Code section 11126(c)(2) and Business and Professions Code section 5020.]

VIII. Conduct Closed Hearings.
[The EAC will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3), and Business and Professions Code section 5020 to conduct a closed session to interview and consider disciplinary action against an individual licensee or applicant prior to the filing of an Accusation.]

Return to Open Session.

IX. Adjournment.

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the EAC 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 EAC prior to the EAC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the EAC, but the EAC Chair may, at his discretion, apportion available time among those who wish to speak. Individuals may appear before the EAC to discuss items not on the agenda; however, the EAC can neither discuss nor take official action on these items at the time of the same meeting. CBA members who are not members of the EAC may be attending the meeting. However, if a majority of members of the full board are present at the EAC meeting, members who are not members of the EAC may attend the meeting only as observers.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Denise Murata at (916) 561-1730, or by email at denise.murata@cba.ca.gov, or send a written request to the CBA office at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:
Denise Murata, Enforcement Analyst
(916) 561-1730 or denise.murata@cba.ca.gov
California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

An electronic copy of this agenda can be found at www.cba.ca.gov.
I. Roll Call and Call to Order.

EAC Chair, Joseph Rosenbaum, CPA, called to order the regularly scheduled meeting of the EAC at 9:01 a.m. on May 4, 2017.

Mr. Rosenbaum read the following into the record:

“The CBA’s mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.”

Members
Joseph Rosenbaum, CPA, Chair Present
Nancy Corrigan, CPA, Vice-Chair Present
Doug Aguilera, CPA Present
Nicholas Antonian, CPA Present
Dale Best, CPA Present
Joseph Buniva, CPA Present
Gary Caine, CPA Present
Mary Rose Caras, CPA Present
Jeffrey De Lyser, CPA Present
William Donnelly, CPA Present
Thomas Gilbert, CPA Present
Michael Schwarz, CPA Present
II. Report of the Committee Chair (Joseph Rosenbaum).

Mr. Rosenbaum welcomed the new California Board of Accountancy (CBA) appointed Enforcement Advisory Committee (EAC) member, Mr. Doug Aguilera.

A. Approval of the February 2, 2017 EAC Meeting Minutes.

It was moved by Mr. Gilbert and seconded by Mr. Donnelly to approve the minutes of the February 2, 2017 EAC meeting.

Yes: Mr. Rosenbaum, Ms. Corrigan, Mr. Best, Mr. Buniva, Mr. Caine, Ms. Caras, Mr. De Lyser, Mr. Donnelly, and Mr. Gilbert

No: None.

Abstain: Mr. Aguilera, Mr. Antonian, and Mr. Schwarz.

The motion passed.

III. Report of the CBA Liaison.


Mr. Rosenbaum introduced CBA member Mr. Campos, as the newly appointed Southern California EAC liaison. Mr. Campos introduced himself to the EAC and provided a summary of the March 23-24, 2017 CBA Meeting. He highlighted topics discussed during the meeting including approval of the appointments of new liaisons to the PROC, the CBA’s decision to monitor referrals from the Department of Labor (DOL), a legal update on the California Supreme Court case decision regarding the Public Records Act, and approval of the PROC 2016 Annual Report.

IV. Report of the Enforcement Chief (Dominic Franzella).

A. Enforcement Activity Report.
Mr. Franzella provided an overview of this item. The EAC discussed continuing education required for license renewal, citations and fine amounts, and probation monitoring.

Mr. Buniva, inquired about the number of investigative hearings (IH) taking place during EAC meetings and about the confidentiality of his CPA license address of record.

Mr. Franzella informed the committee that IHs are determined on a case-by-case basis and are scheduled in conjunction with EAC meetings, as needed.

Mr. Franzella provided a brief overview of the changes made within the Enforcement Division and how it affects review time for non-technical cases, future goals to improve the technical cases review time, and having the EAC provide guidance with pending cases.

The committee inquired about the low number of referrals from the DOL. Mr. Franzella explained that the CBA has access to the direct DOL server for referrals and that the majority of cases referenced in the prior DOL report were received in 2012-13.


Mr. Franzella reported on this agenda item. Mr. Franzella noted that between January 1, 2017 and April 1, 2017, the CBA filed 23 accusations and took 10 disciplinary actions.

V. Public Comments for Items not on the Agenda.

No public comment was given.

VI. Review Enforcement Files on Individual Licensees.

[Closed Session: The EAC met in closed session to review and deliberate on enforcement files as authorized by Government Code section 11126(c)(2) and Business and Professions Code section 5020.]

VII. Conduct Closed Hearings.

[The Committee met in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and Business and Professions Code section 5020 to conduct closed sessions to interview and consider possible disciplinary action against an individual licensee or applicant prior to the filing of an accusation.]
VIII. Adjournment.

The EAC general meeting open session came to a close at 9:43 a.m. and reconvened in closed session to review closed cases until 11:30 a.m. The established subcommittees convened for investigative hearings from 1:00 p.m. to 3:10 p.m. The EAC general meeting reconvened as a quorum in open session and returned to closed session at 3:10 p.m. to vote on recommendations from the subcommittees.

Having no further business to conduct, the EAC general meeting closed session adjourned at approximately at 3:11 p.m.

The next EAC meeting is scheduled for July 6, 2017 at the California Board of Accountancy in Sacramento.

Joseph Rosenbaum, CPA, Chair
Enforcement Advisory Committee

Prepared by: Siek Run, Enforcement Analyst
Discussion and Possible Action to Approve Proposed 2018 Enforcement Advisory Committee Meeting Dates

Presented by: Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee

Purpose of the Item
The purpose of this agenda item is to present the Enforcement Advisory Committee (EAC) with proposed EAC meeting dates for 2018.

Consumer Protection Objectives
Pursuant to Business and Professions Code, section 5020, the EAC is authorized to act as an advisory committee and assist the CBA in its enforcement activities and consumer protection mandate by providing technical expertise, advice and assistance related to the CBA’s investigatory functions.

Action(s) Needed
The EAC may choose to adopt or modify the 2018 EAC proposed meeting dates.

Background
The 2018 California Board of Accountancy (CBA) meeting dates (Attachment) are as follows:

- January 25-26, 2018 – Northern California (meeting date is subject to change)
- March 22-23, 2018 – Southern California
- May 17-18, 2018 – Northern California
- July 26-27, 2018 – Southern California
- September 13-14, 2018 – Northern California
- November 15-16, 2018 – Southern California

Comments
The proposed EAC meeting dates are:

- February 1, 2018 – Northern California
- May 3, 2018 – Southern California
Discussion and Possible Action to Approve Proposed 2018 Enforcement Advisory Committee Meeting Dates

July 12, 2018 – Northern California
October 18, 2018 – Southern California
December 6, 2018 – Northern California

**Fiscal/Economic Impact Considerations**
There are no fiscal/economic considerations.

**Recommendations**
Staff recommend the EAC adopt or modify the proposed dates. After adoption, the dates will be submitted to the CBA for approval.

**Attachment**
2018 Year-at-a-Glance CBA Calendar
## CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
### 2018 MEETING DATES/Locations Calendar
(CBA MEMBER COPY)

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<td>27</td>
</tr>
<tr>
<td>28</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### COMMITTEES

- EAC - Enforcement Advisory Committee
- QC - Qualifications Committee
- PROC - Peer Review Oversight Committee
- MSG - Mobility Stakeholder Group

### GENERAL LOCATION

- NC - Northern California
- SC - Southern California

### CBA MEETING

- EAC MEETING
- PROC MEETING
- QC MEETING
- MSG MEETING
- CBA OFFICE CLOSED

6/22/2017
Purpose of the Item
The purpose of this agenda item is to discuss and provide an outline of the roles and responsibilities of the Enforcement Advisory Committee (EAC) and California Board of Accountancy (CBA) staff related to the Investigative Hearing (IH) process.

Consumer Protection Objectives
In an advisory capacity to the Executive Officer and Enforcement Division, the EAC provides technical expertise related to the investigative functions of the CBA.

Action(s) Needed
No specific action is required on this agenda item; however, staff are seeking input from the EAC that will assist in enhancing the IH process.

Background
The CBA strives to continue to enhance the quality of its committee meetings. CBA Executive Officer Patti Bowers has attended and will continue to attend all CBA committee meetings for the year 2017 to assess any process improvements that can be made by CBA staff and/or committee members to improve the overall effectiveness of committee meetings.

Ms. Bowers has recently attended several IHs and would like to provide EAC members with an opportunity to review and discuss the various roles of the IH participants.

Comments
The purpose of an IH is to both gather evidence and provide licensees with an opportunity to present their position on matters under investigation. Business and Professions Code section 5103 grants the CBA or the Executive Officer pursuant to a delegation of authority from the CBA, the authority to receive and investigate complaints and to conduct investigations or hearings, with or without the filing of any complaint, and to obtain information and evidence relating to any matter involving the conduct of licensees and/or any violation or alleged violation of any provisions of the Accountancy Act and CBA Rules and Regulations.
An IH panel is comprised of EAC members that serve in the following roles: Panel Chair, Lead Questioner and Recording Scribe. A Deputy Attorney General (DAG), CBA staff, and the licensee participate during an IH and a court reporter is present to effectively record the hearing.

The IH process consists of three main activities: (1) Pre-Hearing, (2) Hearing, and (3) Post-Hearing. Provided below are the activities and the roles and responsibilities of the various participants.

### Pre-Hearing
The majority of the pre-hearing activities are performed by CBA staff. It is during this time that staff organize the materials, summarize the investigation, develop questions, and engage the lead questioner and DAG. Below are the roles and responsibilities of the various participants.

#### Panel Chair
1. Determine/approve hearing attendance - restrict admission, if appropriate
2. Assign scribe duties’

#### Lead Questioner
1. Review the file in advance of the hearing date in order that you:
   - Know the issues, documents, materials, and case history of the file
   - Contact the CBA office, if necessary, for explanatory background and/or how conclusions were reached by the Investigative CPA (ICPA)
   - Determine what hearing assistance may be needed (i.e., ICPA, Deputy Attorney General, etc.) and confirm their planned attendance via the assigned ICPA

#### Recording Scribe
1. Obtain an understanding of the case/issues from lead questioner’s explanation
2. Obtain a copy of the written case summary and questions proposed by the lead questioner, if unavailable, determine primary issues that were identified that need resolution or explanation

#### CBA Staff
1. At least 30 days prior to IH, confirm that DAG will be available to attend the IH
2. Develop summary of alleged violations and complaints at issue, identify key exhibits and other relevant portions of the investigative file, and develop questions for use by the IH panel
3. Contact the lead questioner and DAG at least one week prior to the hearing to discuss case history, issues, problems, and key areas
4. Obtain any additional information requested by the lead questioner
5. Review information received late from licensee and forward to lead questioner prior to IH
6. Confirm that Licensee Information and General Hearing Information sheets were completed and received from licensee, and forwarded to the lead questioner
Discussion Regarding the Roles and Responsibilities of EAC Members and Staff Related to the Investigative Hearing Process
Page 3 of 6

7. If Licensee Information and General Hearing Information sheets were not received from licensee, alert CBA staff to secure from licensee at IH

DAG
1. Review materials provided by the ICPA
2. If necessary, contact ICPA and/or lead questioner to discuss key issues and concerns
3. Be familiar with the hearing file, alleged violations, and issues in order to provide legal support to the panel during the IH

Staff have begun revisions to the Investigative Questions Script (Attachment 1) to better organize the document based on the alleged violations and key issues to be addressed. Staff would appreciate any additional improvements to the Pre-Hearing Process that the EAC may have so as to ensure that the IH is effective. This could include additional modifications to the materials and specific timing on when the EAC would like the materials provided.

Hearing
Hearings are generally scheduled for two hours and are fact-finding in nature. Effort should be made by the Panel Chair to create an inviting atmosphere and minimize confrontations. IH participants are expected to maintain professionalism and courteousness throughout the IH process. Below are the roles and responsibilities of the various participants.

Panel Chair
1. Introductory remarks and explanations:
   - Welcome the licensee, his or her counsel, and any other witnesses
   - Obtain/exchange business cards1 (licensee, legal counsel or other witness, and certified court reporter)
   - Introduce others in the room, including their respective duties/position (or use self-introductions for large hearings)
   - Refer to the General Hearing Information signed by the licensee and inquire whether the licensee has any questions
   - Request certified court reporter to swear in licensee and/or witness
   - Turn the hearing over to the lead questioner

2. Assure the discussion remains on the issues, violations, and topics at hand or in question:
   - Maintain control and order
   - Afford appropriate time for questions or comments from all hearing participants
   - Monitor the time constraints

1 EAC members should use the CBA-issued business cards.
3. Close the hearing:
   - Allow the licensee/counsel any final comments and/or evidence production
   - Assure that an adequate summary and all final comments are complete
   - Explain the next step(s) and a time frame projection
   - Thank the licensee for his or her attendance and cooperation
   - Close the hearing

**Lead Questioner**
1. Lead the investigative questions
2. Assure all panel members have their questions or appropriate comments answered
3. Allow licensee opportunity to discuss his/her side or issues not previously known or discussed
4. Summarize what has happened at the hearing such as:
   - What is needed from licensee
   - What the next step is
   - Estimate of time or specific time requirements to submit data or follow-up
   - Refer closing of the hearing to the panel chair who should assure that an adequate summary and all final comments are complete

**Recording Scribe**
1. Secure the business cards of the licensee, legal counsel, or other witnesses, and if applicable, certified court reporter for inclusion in the file
2. Prepare legible notes reflecting questions asked and responses received
3. Document any information or documents the licensee has been asked to provide the EAC or staff and in what time period
4. If an issue is missed, advise lead questioner

**CBA Staff**
1. Locate file documents
2. Provide licensee and court reporter referenced exhibits
3. During breaks, communicate with the lead questioner and panel regarding discrepancies noted in the licensee's testimony
4. Order appropriate transcript copies

**DAG**
1. Assure that the licensee/witness is sworn in by the certified court reporter
2. Participate in the hearing panel, as needed, to ask questions, discuss alleged violations, and provide legal assistance and interpretation of the CBA statutes, jurisdiction, and authority
3. Assist the scribe in preparing hearing notes
4. If the hearing is recorded by a certified court reporter, mark documents and exhibits that are introduced into evidence

The Hearing portion of the proceedings represent the opportunity to obtain the technical expertise of the EAC participants. The focus of the Hearing is to ensure that
the EAC participants obtain sufficient information to assist in providing advise on next steps. To that end, staff are present in the hearing to offer assistance. As part of the identified roles and responsibilities, the participation functions of staff have been reduced to eliminate that staff act as active participants in the Hearing. Staff would appreciate any additional improvements to the Hearing portion that the EAC may have so as to ensure that the IH is effective.

Post-Hearing
Post-Hearing activities are comprised of two main components: (1) discussion regarding next steps, and (2) ensuring that necessary IH paperwork has been completed. For the EAC members, as it relates to discussion on next steps, this would include providing a recommendation on whether the matter should be closed, further investigation completed, issuance of a citation, or referral to the Office of the Attorney General for possible disciplinary action. Below are the roles and responsibilities of the various participants.

Panel Chair
1. If the hearing is recorded by a certified court reporter, discontinue record
2. Oversee the discussion on the "recommendation"
3. Review the file documentation for completeness, clarity of directions to staff, signatures, and legibility

Lead Questioner
1. Complete the Worksheet for Investigative Hearings
2. Provide a clear recommendation of the next steps
3. Document/Describe:
   - What you asked licensee to do or send
   - What you recommend the staff do
   - What you recommend be communicated in a letter
   - What documents are still needed
4. Assure that scribe notes or other pertinent documents are part of the hearing file
5. Complete and sign the Case Control Sheet(s) and Worksheet for Investigative Hearings and obtain the appropriate second signatures

Recording Scribe
1. Review notes made by other panel members and incorporate pertinent comments into scribe notes
2. Assist the lead questioner in completing the Worksheet for Investigative Hearings (Attachment 2)
3. Attach the business cards to the appropriate sections in the Worksheet for Investigative Hearings
4. Sign the Worksheet for Investigative Hearings with attached scribe notes, which will become a part of the hearing file
DAG
1. Provide legal assistance, as required, during panel discussion
2. Assist the hearing panel in completing Worksheet for Investigative Hearings and hearing notes to provide a clear and comprehensive hearing record
3. Review Worksheet for Investigative Hearings with attached scribe notes after completion

For the past two-plus years, staff have been providing the EAC with information on various accusations filed and disciplinary orders that have taken effect between meetings. This was done at the request of the EAC. Staff would appreciate any additional improvements to the Post-Hearing Process that the EAC may have so as to ensure that the IH is effective.

Fiscal/Economic Impact Considerations
There are no fiscal/ economic impact considerations.

Recommendation
While no specific action is required, staff value any input and feedback the EAC has on improving the IH process.

Attachments
1. Sample Investigative Questions Script
2. Worksheet for Investigative Hearing
Background

The California Board of Accountancy (CBA) received a complaint regarding (Licensee name) dated (date complaint received) from (complainant name). (Provide summary of background and issues).

Issues

An investigative hearing is necessary to... Specifically, the following issues need to be addressed:

1) 
2) 

Potential Violations

(List relevant Business and Professions Code section(s) and/or California Code of Regulations section(s)).
Investigative Hearing Questions

Background Information

1.

2.

Name of Violation or Issue (ex: Failure to Respond to CBA Inquiry)

3.

4.

Conclusion

Advise the licensee:

This concludes the investigative Hearing. Do you have any questions or comments at this time? [Place any exhibits received from the licensee into the record, using the alphabet for the exhibits, i.e., Exhibit A, Exhibit B…]

You will receive a letter from the Board within six weeks regarding the status of the case.

- Or -

We will follow-up with a letter regarding the additional documentation that you have agreed to provide. [We may want to request copies of audit documentation for a non-pension plan audit.] We have requested the following documentation:
The California Board of Accountancy (CBA) held the above-captioned hearing to investigate alleged violations of the provisions of the California Accountancy Act, CBA Regulations and/or alleged improper conduct of certified public accountants or public accountants.

Section 5103 of the California Business and Professions Code (BPC) grants the CBA, or its Executive Officer pursuant to a delegation of authority from the CBA, the authority to receive and investigate complaints and to conduct investigations or hearings with or without the filing of any complaint and to obtain information and evidence relating to any matter involving the conduct of certified public accountants or public accountants or violations or alleged violations of any of the provisions of the California Accountancy Act.

Section 52 of the Rules of Professional Conduct (Title 16, Division 1, Article 9, California Code of Regulations) provides that willful failure or refusal by a licensee to appear, pursuant to written notice issued under BPC section 5103 is a violation of BPC section 5100(g) and grounds for discipline against the licensee.
(Licensee’s name) was/were served with copies of the Notice of Hearing letter by Certified Mail and First Class Mail at address of record with the CBA. A copy of the hearing notice is in the file.

The CBA was represented at this hearing as follows:

<table>
<thead>
<tr>
<th>Enforcement Advisory Committee</th>
<th>Initials*</th>
<th>Time**</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Panel Chair</td>
<td></td>
<td>(      ) (      )</td>
</tr>
<tr>
<td>(2) Lead Questioner</td>
<td></td>
<td>(      ) (      )</td>
</tr>
<tr>
<td>(3) Scribe</td>
<td></td>
<td>(      ) (      )</td>
</tr>
<tr>
<td>(4) Member</td>
<td></td>
<td>(      ) (      )</td>
</tr>
<tr>
<td>(5) Member</td>
<td></td>
<td>(      ) (      )</td>
</tr>
<tr>
<td>(6) Member</td>
<td></td>
<td>(      ) (      )</td>
</tr>
</tbody>
</table>

CBA Staff, Legal Counsel, CBA members, investigative consultants

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>(1)</td>
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<td>(      ) (      )</td>
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<td>(2)</td>
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<td>(      ) (      )</td>
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<td>(      ) (      )</td>
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<td>(5)</td>
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<td>(      ) (      )</td>
</tr>
<tr>
<td>(6)</td>
<td></td>
<td>(      ) (      )</td>
</tr>
</tbody>
</table>

* Each panel member acknowledges (by his or her initials above) that he/she has considered the CBA’s conflict of interest policies and is not aware of any conflicts associated with this case or licensee.

** NOTE: Please indicate time in and time out (i.e., 8:00 to 8:30), if not present for the entire hearing
ALL ANSWERS TO THE FOLLOWING QUESTIONS MAY BE DETAILED ON ATTACHED SHEETS. GIVE QUESTION NUMBER WHEN PROVIDING DETAILED ANSWER.

1. Hearing is conducted pursuant to subpoena to testify and/or produce records.
   
   Yes ☐ No ☐. If yes, copy of subpoena and delegation of authority are attached as exhibits.

2. Appearance Information
   
a. The following appeared: (Request business card(s) and staple here)
   
   Name:
   
   Firm:
   
   Address:
   
   Telephone:
   
   Licensee: ☐ Yes ☐ No
   
   b. Licensee(s) ☐ appeared but failed to testify as described below.
      
      (1) ☐ Refused to answer questions on grounds of privilege.
      
      Name of Licensee:
      
      Line of Questioning:
      
      Privilege or Reason Asserted:
      
      (2) ☐ Refused to answer selective questions as indicated in scribe hearing notes.

   c. Licensee(s) ☐ failed to appear.

      Was there contact from licensee?
      
      ☐ Yes ☐ No ☐ Reason, if known?
3. Provisions of the California Accountancy Act or CBA Regulations potentially violated include but not limited to:

(1)

(2)

(3)

4. Licensee(s) was [ ] was not [ ] represented by counsel: **Staple business card(s) here, if applicable.**

   Attorney’s Name:

   Firm:

   Address:

   Telephone:

   Licensee Represented:

5. A Deputy Attorney General was [ ] was not [ ] in attendance: **Staple business card(s) here, if applicable.**

   Name:

   Address:

   Telephone:

6. Testimony was [ ] was not [ ] recorded by a certified shorthand reporter: **Staple business card(s) here, if applicable.**

   Name:

   Firm:

   Address:

   Telephone:
7. Transcript of the proceedings was [ ] was not [ ] ordered. If transcript was ordered, it will be sent to the Enforcement Division, California Board of Accountancy, 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833 [ ] or to the person and address specified below:

   Name:

   Address:

   Telephone:

8. Summarize licensee’s testimony and response during hearing. Also, attach your questions, pertinent scribe or other hearing notes.

9. Identify additional documents produced by licensee and case relevance.

10. Documents discussed or requested, but not produced at IH.

    Identify:

    Who has custody:

    If licensee has custody, has he agreed to produce documents?

12. Testimony suggested other evidence or licensees would be relevant to the investigation.

    [ ] Yes   [ ] No   Complete below if affirmative.

    Additional Licensee/Witness:

    Name:

    Address:

    Telephone:
13. Recommendation: (Use additional sheets, if necessary and attach.)

   - [ ] No Violation
   - [ ] Insufficient Information
   - [ ] No jurisdiction or fee dispute
   - [ ] Compliance
   - [ ] Other

b. [ ] Refer to Citation and Fine under CBA Regulation section 95.

c. [ ] Further investigative work or evidence required. Specify scope of the assignment, documents or evidence needed, questions to resolve, etc. Recommend assignments be performed by:
   - [ ] Investigative CPA
   - [ ] CBA technical consultant
   - [ ] Other (Please identify) ________________________________
d. □ Further appearance(s) required of this witness or other licensee (give reasons).
   If so, □ with certified shorthand reporter □ without certified shorthand reporter.

e. □ Licensee to provide additional information documents or explanation. Describe in detail and/or identify document(s).

f. □ Recommend forward to AG for preparation of formal accusation/petition to revoke or suspend license.

g. □ Licensee expressed an interest in a stipulated settlement.

Enforcement Advisory Committee, Lead Questioner

Date

Enforcement Advisory Committee Member

Date
## California Board of Accountancy
### Enforcement Activity Report
Report as of March 31, 2017

### Complaints

<table>
<thead>
<tr>
<th>Complaints/Records of Convictions</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received</td>
<td>2,702</td>
<td>2,735</td>
<td>2,009</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td><strong>2,248</strong></td>
<td><strong>2,251</strong></td>
<td><strong>1,571</strong></td>
</tr>
<tr>
<td><strong>Internal – Peer Review</strong>¹</td>
<td><strong>449</strong></td>
<td><strong>615</strong></td>
<td><strong>437</strong></td>
</tr>
<tr>
<td><strong>Internal – All Other</strong></td>
<td><strong>1,799</strong></td>
<td><strong>1,636</strong></td>
<td><strong>1,134</strong></td>
</tr>
<tr>
<td><strong>External</strong></td>
<td><strong>454</strong></td>
<td><strong>484</strong></td>
<td><strong>438</strong></td>
</tr>
<tr>
<td>Assigned for Investigation</td>
<td>2,007</td>
<td>2,040</td>
<td>1,684</td>
</tr>
<tr>
<td>Closed – No Action</td>
<td>713</td>
<td>697</td>
<td>352</td>
</tr>
<tr>
<td>Average Days from Intake to Closure or Assignment for Investigation</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Pending</td>
<td>0</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Average Age of Pending Complaints (days)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

¹ Peer Review internal complaints typically include investigation of failed peer review reports, failure to comply with peer review citations, filing an incorrect PR-1, or renewing a license without undergoing a peer review when a peer review is required.

- Through the first nine months of FY 2016/17, the CBA has received 2,009 complaints, with 78 percent of these complaints being internal referrals.

- Over the past two months the CBA has received 299 complaints, with the top external complaint being tax-related matters.

- The CBA received six referrals for FY 2015/16 and has received three referrals in FY 2016/17 for employee benefit plan audits from the Department of Labor.
## Investigations

<table>
<thead>
<tr>
<th>Investigations</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned</td>
<td>1,953</td>
<td>2,040</td>
<td>1,684</td>
</tr>
<tr>
<td>Internal</td>
<td>1,579</td>
<td>1,573</td>
<td>1,251</td>
</tr>
<tr>
<td>Internal – Peer Review</td>
<td>439</td>
<td>602</td>
<td>437</td>
</tr>
<tr>
<td>Internal – All Other</td>
<td>1,140</td>
<td>971</td>
<td>814</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td>374</td>
<td>467</td>
<td>433</td>
</tr>
<tr>
<td>Closed</td>
<td>1,773</td>
<td>2,150</td>
<td>1,752</td>
</tr>
<tr>
<td>Average Days to Close</td>
<td>167</td>
<td>177</td>
<td>154</td>
</tr>
<tr>
<td>Total Investigations Pending</td>
<td>1,081</td>
<td>1,056</td>
<td>1,034</td>
</tr>
<tr>
<td><strong>0-6 Months</strong></td>
<td>639</td>
<td>506</td>
<td>554</td>
</tr>
<tr>
<td><strong>6-12 Months</strong></td>
<td>211</td>
<td>203</td>
<td>130</td>
</tr>
<tr>
<td><strong>12-18 Months</strong></td>
<td>120</td>
<td>200</td>
<td>103</td>
</tr>
<tr>
<td><strong>18-21 Months</strong></td>
<td>39</td>
<td>37</td>
<td>68</td>
</tr>
<tr>
<td><strong>21-24 Months</strong></td>
<td>33</td>
<td>30</td>
<td>42</td>
</tr>
<tr>
<td><strong>&gt; 24 Months</strong></td>
<td>39</td>
<td>80</td>
<td>137</td>
</tr>
<tr>
<td>Average Age of Open Cases (days)</td>
<td>222</td>
<td>277</td>
<td>306</td>
</tr>
<tr>
<td>Median Age of Open Cases (days)</td>
<td>126</td>
<td>210</td>
<td>167</td>
</tr>
</tbody>
</table>

Chart A on Page 7 illustrates the percentage of open investigations by length of time.

- As of March 31, 2017, the CBA closed 1,752 cases for FY 2016/17, 347 cases were closed during the past two months. The numbers of closures are outpacing the number of assigned matters by 34 cases. This in turn is having a positive impact on the average days to close. Since the beginning of FY 2016/17, the average number of days to close an investigation is down by 35 days, from 189 to 154.

- As of January 31, 2017, there were 88 investigations pending over 24 months. Since then, staff have closed 13 cases and accrued 62 from the 21-24 months case aging bracket, resulting in 137 investigations pending over 24 months as of March 31, 2017. Of the 137 investigations, staff have completed or are near completion on 38 of the cases, as follows:
  - 36 cases have investigation reports completed and are pending supervisor review
Two cases have an investigation report completed and will be referred to the Attorney General’s (AG) Office.

As previously communicated, management has been working diligently with staff to complete the investigations pending over 24 months. So far for FY 2016/17, staff has successfully closed 59 cases pending over 24 months.

### Discipline

<table>
<thead>
<tr>
<th>Attorney General Referrals</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17 9 months of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referrals</td>
<td>97</td>
<td>105</td>
<td>97</td>
</tr>
<tr>
<td>Accusations Filed</td>
<td>47</td>
<td>90</td>
<td>72</td>
</tr>
<tr>
<td>Statements of Issues Filed</td>
<td>9</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Petitions for Revocation of Probation Filed</td>
<td>2</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Closed</td>
<td>63</td>
<td>83</td>
<td>64</td>
</tr>
<tr>
<td>Via Stipulated Settlement</td>
<td>55</td>
<td>56</td>
<td>50</td>
</tr>
<tr>
<td>Via Proposed Decision</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Via Default Decision</td>
<td>6</td>
<td>24</td>
<td>9</td>
</tr>
<tr>
<td>Discipline Pending</td>
<td>119</td>
<td>115</td>
<td>97</td>
</tr>
<tr>
<td>0-6 Months</td>
<td>42</td>
<td>54</td>
<td>38</td>
</tr>
<tr>
<td>6-12 Months</td>
<td>40</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td>12-18 Months</td>
<td>28</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>18-21 Month</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>21-24 Months</td>
<td>0</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>&gt; 24 Months</td>
<td>5</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>

Chart B on Page 7 illustrates the percentage of cases pending at the AG’s Office by length of time.

There are five cases pending at the AG’s Office for more than 24 months. The current status of the cases are as follows:

- A writ was filed with the California Superior Court in August 2012 following adoption of a proposed decision and denial of a Petition for Reconsideration in July 2012. A decision was issued on August 28, 2014 denying the writ of mandate. The stay previously issued was dissolved and the CBA’s decision revoking the Petitioner’s license became effective. The Petitioner immediately filed a Notice of Appeal with the Appellate Court seeking a stay of the decision.
California Board of Accountancy
Enforcement Activity Report
Report as of March 31, 2017

The motion requesting a trial was denied at a hearing on December 12, 2014. A ruling from the Court of Appeals is pending.

- One case was recently non-adopted by the CBA and will be heard by the CBA at its July 2017 meeting.
- One case has a hearing date scheduled for May 2017.
- Two cases have accusations filed and staff are working to obtain settlement or have the matter set for hearing.

Citations and Fines

<table>
<thead>
<tr>
<th>Citations</th>
<th>FY 2014/15</th>
<th>FY 2015/16</th>
<th>FY 2016/17 (9 months of data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Citations Issued</td>
<td>348</td>
<td>256</td>
<td>108</td>
</tr>
<tr>
<td>Total Fines Assessed</td>
<td>$119,387</td>
<td>$100,450</td>
<td>$39,950</td>
</tr>
<tr>
<td>Fines Average</td>
<td>$343</td>
<td>$392</td>
<td>$370</td>
</tr>
<tr>
<td>Average number of days from receipt of a complaint to issuance of a citation</td>
<td>142</td>
<td>147</td>
<td>182</td>
</tr>
</tbody>
</table>

Top 3 Violations Resulting in Citation

1: CE Basic Requirements (Reg 87)
2: Response to CBA Inquiry (Reg 52)
3: Name of Firm (BPC 5060)

- The fine amount assessed varies from $100 to $5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation existed.

- Violation of the continuing education basic requirements is currently the most common reason for issuance of a citation.

- Over the past fiscal year, staff have revised various letters and increased communication efforts, especially in the area of email communications, designed to obtain compliance on enforcement matters. As a result, the number of citations issued has been decreasing.
California Board of Accountancy
Enforcement Activity Report
Report as of March 31, 2017

Probation Monitoring

<table>
<thead>
<tr>
<th>Monitoring Activities</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9 months of data</td>
</tr>
<tr>
<td>Number of Licensees on Probation as of Last Report</td>
<td>131</td>
</tr>
<tr>
<td>New Probationers</td>
<td>5</td>
</tr>
<tr>
<td>Total Number of Probationers</td>
<td>133</td>
</tr>
<tr>
<td>Out-of-State Probationers</td>
<td>12</td>
</tr>
<tr>
<td>Probation Orientations Held Since Last Report</td>
<td>7</td>
</tr>
</tbody>
</table>

- Staff has scheduled 11 probation orientations to take place in May 2017.

Mobility

<table>
<thead>
<tr>
<th>Enforcement Aspects of Mobility</th>
<th>FY 2015/16</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9 months of data</td>
<td></td>
</tr>
<tr>
<td>Pre-Notification Forms Received</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cessation Event Forms Received</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SEC Discipline Identified</td>
<td>30</td>
<td>41</td>
</tr>
<tr>
<td>PCAOB Discipline Identified</td>
<td>12</td>
<td>27</td>
</tr>
<tr>
<td>Out-of-State Accounting Firm Registrants That Reported</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Other Discipline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complaints Against Practice Privilege Holders</td>
<td>3</td>
<td>11</td>
</tr>
</tbody>
</table>

Effective July 1, 2013, the CBA implemented a no notice, no fee practice privilege model in California. This table depicts the enforcement aspects of mobility, including the receipt and investigation of Practice Privilege Pre-Notification Forms and Notification of Cessation Event Forms.

- The complaints against practice privilege holders include practicing without a permit, discipline by other states/governmental agencies, and practice complaints.

- Staff sends letters to all CPAs who were disciplined by either the Securities and Exchange Commission or the Public Company Accounting Oversight Board to inform them that they must seek CBA authorization prior to practicing in California.

- The CBA has revoked two practice privileges during FY 2016/17.
Division Highlights and Recruitment Efforts

- The Enforcement Division is recruiting for the following positions:
  - Two Limited-Term Investigative Certified Public Accountants (ICPA) for the Technical Investigations Unit
  - One ICPA Retired Annuitant
  - One Limited-Term Office Technician
California Board of Accountancy
Enforcement Activity Report
Report as of March 31, 2017

Chart A – Open Investigations as of March 31, 2017

![Chart A - Open Investigations](image)

Chart B – Discipline Pending at the Attorney General’s Office as of March 31, 2017

![Chart B - Discipline Pending](image)
Report on Accusations Filed and Final Disciplinary Orders Effective April 1, 2017 – May 31, 2017

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item
The purpose of this agenda item is to provide the Enforcement Advisory Committee (EAC) with information related to accusations filed and final disciplinary orders effective April 1, 2017 through May 31, 2017.

Consumer Protection Objectives
The accusations filed and disciplinary orders issued by the California Board of Accountancy (CBA) assist in ensuring consumer protection by identifying and subsequently taking action against those who are in violation of the provisions of the Business and Professions Code (BPC) and CBA Regulations.

Action(s) Needed
No specific action is required on this agenda item.

Background
At the request of the EAC, staff have created a standing agenda item to provide information related to accusations filed and disciplinary orders effective since the last EAC meeting.

Comments
Between April 1, 2017 and May 31, 2017, the CBA has filed 17 accusations and taken 11 disciplinary actions. The complete accusations and final disciplinary orders are available on the CBA website at www.cba.ca.gov, under Quick Hits, “Public Enforcement Documents.”

Accusations Filed:

Arnett, Lloyd M
Bolles, Sherralyn Margaret
Dulek, Thomas
Zhao, Langfeng/ELZ Accountancy Corporation
Hardy, Grant Larsen
Hartley, William E.
Hinz, Michael Lee
Disciplines Listed by Orders:

Matters that resulted in revocation or surrender of a license:

Cleveland, Kenneth Ray

Matters that resulted in a licensee being placed on probation:

Bottini, Nicholas Ralph
Chaney, Donna Marie
Cox, Gary Willard
Haynie, Roger L.
Jewell, Irene T.
Luttrell, Robert Drew
Mechikoff, Richard Alan
Olagbemi, Oladapo Akande
Partible, Salvador Fontanilla/SF Partible CPA Inc.
Turnbull, James Michael

Fiscal/Economic Impact Considerations
There are no fiscal/economic impact considerations.

Recommendation
Staff do not have a recommendation on this agenda item.

Attachment
None.