



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

**MINUTES OF THE**  
**SEPTEMBER 22-23, 2010**  
**CBA MEETING**

CBA Office  
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Roll Call and Call to Order.

President Manuel Ramirez called the meeting to order at 1:30 p.m. on Wednesday, September 22, 2010 at the CBA Office in Sacramento. The CBA members heard Agenda Items I – VI. The CBA members convened into closed session at 2:25 p.m. to deliberate Agenda Items III.A. – C., and into executive closed session at 3:22 p.m. to deliberate Agenda Item III.D. The meeting reconvened into open session at 3:55 p.m., and the meeting adjourned at 3:56 p.m. CBA President Ramirez reconvened the meeting to order at 9:05 a.m. on Thursday, September 23, 2010, and the meeting adjourned at 3:44 p.m.

CBA Members

September 22, 2010

Manuel Ramirez, President	1:30 p.m. to 3:56 p.m.
Sally Anderson, Vice President	1:30 p.m. to 3:56 p.m.
Marshal Oldman, Secretary-Treasurer	Absent.
Diana Bell	1:30 p.m. to 3:56 p.m.
Rudy Bermudez	1:40 p.m. to 3:56 p.m.
Michelle Brough	Absent.
Angela Chi	1:30 p.m. to 3:56 p.m.
Donald Driftnier	1:30 p.m. to 3:56 p.m.
Herschel Elkins	Absent.
Louise Kirkbride	Absent.
Leslie LaManna	1:30 p.m. to 3:56 p.m.
Robert Petersen	1:30 p.m. to 3:56 p.m.
David Swartz	Absent.
Lenora Taylor	1:33 p.m. to 3:56 p.m.
Andrea Valdez	Absent.

CBA Members

September 23, 2010

Manuel Ramirez, President	9:05 a.m. to 3:44 p.m.
Sally Anderson, Vice President	9:05 a.m. to 3:44 p.m.
Marshal Oldman, Secretary-Treasurer	Absent.
Diana Bell	9:05 a.m. to 3:44 p.m.
Rudy Bermudez	9:23 a.m. to 3:44 p.m.
Michelle Brough	9:21 a.m. to 3:44 p.m.
Angela Chi	9:05 a.m. to 3:44 p.m.
Donald Driftmier	9:05 a.m. to 3:44 p.m.
Herschel Elkins	Absent.
Louise Kirkbride	Absent.
Leslie LaManna	9:05 a.m. to 3:44 p.m.
Robert Petersen	9:05 a.m. to 3:44 p.m.
David Swartz	Absent.
Lenora Taylor	9:05 a.m. to 3:44 p.m.
Andrea Valdez	Absent.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Dan Rich, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Veronica Daniel, Board Relations Analyst  
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)  
Paul Fisher, Supervising Investigative CPA  
Dominic Franzella, Manager, Licensing Division  
Scott Harris, Deputy Attorney General, Department of Justice (DOJ)  
Lauren Hersh, Information and Planning Officer  
Rafael Ixta, Chief, Enforcement Division  
Vincent Johnston, Outreach Analyst  
Nick Ng, Manager, Administration Division  
Deanne Pearce, Chief, Licensing Division  
Carl Sonne, Deputy Attorney General, DOJ  
Matthew Stanley, Legislation/Regulation Analyst  
Kathy Tejada, Manager, Enforcement Division  
Liza Walker, Manager, Licensing Division  
Spencer Walker, Legal Counsel, DCA

Committee Chairs and Members

Cheryl Gerhardt, Vice Chair, Enforcement Advisory Committee (EAC)  
Maurice Eckley, Vice Chair, Qualifications Committee (QC)

Other Participants

G.V. Ayers, Senate Business Professions & Economic Development

Committee

Ken Bishop, National State Boards of Accountancy (NASBA)

Gil DeLuna, DCA

James Gross, Nielson, Merksamer, Parrinello, Mueller & Naylor LLP

David Helphrey, Center for Public Interest Law (CPIL)

Ed Howard, CPIL

Deidre Johnson, Administrative Law Judge (ALJ)

Doreathea Johnson, Deputy Director, DCA Legal Affairs

Brian Joseph, Orange County Register

Pilar Onate-Quintana, KP Public Affairs, for national firms

Kurt Oneto, Nielson, Merksamer, Parrinello, Mueller & Naylor LLP

Jonathan Ross, KP Public Affairs, for national firms

Hal Schultz, California Society of Certified Public Accountants (CalCPA)

Jeannie Tindel, CalCPA

Kristy Wiese, Nielson, Merksamer, Parrinello, Mueller & Naylor LLP

Bill Young, Chief Deputy Director, DCA

I. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 1:30 p.m. on Wednesday, September 22, 2010.

II. Report of the President.

A. Update on California Research Bureau (CRB) Study.

Ms. Bowers stated the CRB report should be ready in advance of the CBA Working Conference in October 2010. Ms. Bowers further stated that she will continue to provide information regarding this matter.

B. Update on Peer Review Implementation.

Mr. Franzella provided an overview of the memorandum for this item **(see Attachment 1)**.

Mr. Ramirez suggested that staff conduct testing to validate the self-certification of attest services and requested staff to provide ideas on how to accomplish this. Ms. Bowers stated that the peer review program is currently transitioning from the Licensing Division to the Enforcement Division and this would be handled by the Non-technical Unit.

Ms. Anderson recommended the Outreach Committee provide notification to consumers suggesting that they request to see their CPA firm's peer reviews.

C. Resolution for Retiring Enforcement Advisory Committee (EAC) Chair, Harish Khanna.

**It was moved by Mr. Petersen, seconded by Ms. Bell and unanimously carried by those present to adopt the resolution for retiring EAC Chair, Harish Khanna.**

D. Introduction of Newly Assigned DCA Legal Counsel for the CBA.

Mr. Duke introduced Spencer Walker, newly assigned legal counsel for the CBA.

Mr. Ramirez welcomed Mr. Walker and thanked Mr. Duke for his service to the CBA.

E. Introduction of Newly Assigned Deputy Attorney General for the CBA.

Mr. Harris introduced Carl Sonne, newly assigned Deputy Attorney General for the CBA.

Mr. Ramirez welcomed Mr. Sonne and thanked Mr. Harris for his service to the CBA and the consumers of California.

F. Discussion on International Delivery of the Uniform CPA Examination (iExam).

This item was deferred and took place after Agenda Item VII.

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

A. Ernest E. Dow & Co., An Accountancy Corp. – Stipulated Settlement.

B. Dennis A. Ito – Stipulated Settlement.

C. Stuart Gladstein and Gladstein CPA – Stipulated Settlement.

D. David Greenberg – Petition for Reinstatement of Revoked Certificate.

Agenda Items III.A. – D. were deferred and took place after Agenda Item V.C.

IV. Report of the Vice President.

A. EAC Appointment.

**It was moved by Ms. Taylor, seconded by Ms. Chi and unanimously carried by those present to adopt the recommended appointment of Mr. Joseph Buniva to the EAC.**

B. Peer Review Oversight Committee (PROC) Appointment.

**It was moved by Ms. Anderson, seconded by Mr. Petersen and unanimously carried by those present to adopt the recommended appointment of Mr. Robert A. Lee to the PROC.**

Ms. Bowers stated that appointments to CBA committees may be delayed due to the current hiring freeze.

V. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

B. FY 2009/2010 Year-End Financial Report.

Mr. Ng provided an overview of this agenda item **(see Attachment 2)**.

Ms. Taylor inquired whether the impending loan for \$10 million from the Accountancy Fund has been approved. Mr. Ng stated that approval is expected once the budget is signed.

C. DCA Legal Opinion Regarding Loans to General Fund.

Mr. Duke provided an overview of this agenda item **(see Attachment 3)**.

Mr. Ramirez inquired why the CBA was targeted for the \$10 million loan to the General Fund. Mr. Duke stated the reason is unclear, however it is his opinion that it may be due to the CBA having a large contingency fund.

Mr. Ramirez inquired regarding the status of the licensing renewal fee reduction. Mr. Stanley stated it is currently in the departmental review process and approximately six months away from completion of review.

Ms. Anderson inquired regarding loan repayment in the event that major cases come in and the money is needed. Mr. Duke believed that if there is a problem, repayment will be made; however, the timeframe for repayment is unknown.

Mr. Driftmier stated that the issue is not only for the CBA to get its money back, but it is also the issue of its hands being tied when it comes to spending money received from licensing fees. Mr. Driftmier stated there is constant dialogue from the DCA regarding the need to focus on enforcement; however, the CBA is unable to hire consultants and quality candidates to accomplish this charge. Mr. Driftmier further stated that licensees pay their fees and the CBA should be able to conduct its business as a board.

Ms. Taylor suggested the CBA pursue adding language to the Business and Professions Code stating that CBA funds may not be transferred to the General Fund. Mr. Ramirez concurred with Ms. Taylor and assigned this task to the Legislative Committee.

**The CBA then considered Agenda Items III.A. – D., Petitions, Stipulations, and Proposed Decisions in closed session.**

VI. Public Comments.

No public comments were received.

VII. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 9:05 a.m. on Thursday, September 23, 2010.

**The CBA then heard Agenda Item II.F., Discussion on International Delivery of the Uniform CPA Examination (iExam).**

Mr. Bishop provided an overview of the iExam and encouraged the CBA to strongly consider participation.

Mr. Ramirez inquired regarding how iExam would affect California's residency requirement. Mr. Bishop stated that some states, New York for example, are dropping the residency requirement in order to participate.

CBA members expressed concern regarding the potential risk to California consumers and how disciplinary action would take place internationally. Mr. Petersen expressed concern that iExam would create competition for California CPAs.

Mr. Bishop stated that iExam will not work without education to consumers. Mr. Bishop stated that NASBA will monitor issues subject to disciplinary action. Mr. Bishop further stated it is a risk for California to not participate and not have a presence on ground in other countries.

Mr. Ramirez assigned the Committee on Professional Conduct to review and determine whether the CBA should consider participation in iExam.

Mr. Ramirez stated he wants to ensure that California consumers are not at risk from an enforcement perspective.

VIII. Report of the Executive Officer.

A. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Hersh provided an overview of the memorandum for this item **(see Attachment 4)**.

Mr. Ramirez acknowledged Ms. Hersh for her efforts in communication and outreach on behalf of the CBA.

B. Update on October 27, 2010 CBA Working Conference.

Mr. Rich stated the CBA Working Conference is soon approaching and provided an overview of the current draft agenda for the event.

Mr. Petersen stated that since the conference was designed for discussion, more time should be allotted for each agenda item.

Mr. Driftmier suggested adding an agenda item to further discuss iExam. Mr. Ramirez concurred and requested it be added as a placeholder to continue to refine the issues with this topic.

C. Educational Presentation – Sunset Review Process.

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 5)**.

Ms. LaManna acknowledged the thorough information provided by staff.

D. CBA 2010 Sunset Review Report.

Mr. Johnston provided an overview of the draft Sunset Review Report **(see Attachment 6)**.

**It was moved by Ms. LaManna, seconded by Ms. Brough and unanimously carried by those present to adopt the CBA 2010 Sunset Review Report.**

E. Consideration of Posting Accusations on the CBA's Web site.

Ms. Bowers provided an overview of the memorandum, which contains legal opinions for this agenda item **(see Attachment 7)**.

Mr. Stanley provided an overview of the memorandum with background information relating to AB 1005 **(see Attachment 8)**.

Mr. Ramirez inquired regarding whether all boards/bureaus are in compliance with the DCA directive to post formal accusations. Ms. Bowers stated that a survey was initially conducted that suggested not all boards/bureaus were posting formal accusations. Ms. Bowers stated that it is her understanding that as of this week, all boards/bureaus other than CBA, are in compliance with the directive.

Mr. Ixta provided an overview of the memorandum with background

information and options for addressing the requirement of posting accusations (**see Attachment 9**).

Mr. Howard stated the DCA has the statutory authority to post accusations. Mr. Howard stated that AB 1005 does not preclude the CBA from posting accusations. Mr. Howard further stated that AB 1005 sets a floor of what the CBA must do and that there is nothing in the law that prohibits the CBA from posting formal accusations.

Mr. Ramirez inquired if the CPIL was involved with the compromise in language regarding AB 1005. Mr. Howard stated yes. He noted that the original bill included language to require the posting of accusations, and the compromise was that the CBA would not be legally required to post accusations on its Web site.

Ms. Tindel expressed CalCPA's opposition and stated it is evident that the CBA is committed to consumer protection by posting a notice of existence of an accusation against a licensee. Ms. Tindel further stated the CBA is very efficient and compliant with providing a copy of any formal accusation upon request.

Ms. Tindel introduced Mr. Gross and Mr. Oneto, of the firm Nielson, Merksamer, Parrinello, Mueller & Naylor LLP (Nielson Merksamer), who authored the legal opinion on behalf of CalCPA.

Mr. Oneto stated that the legal opinion is reflective of how a court would interpret a statute. Mr. Oneto stated the language in the statute is precise in stating exactly what the CBA is required to post, which is notice of an accusation and a link to where an individual may request the accusation. Mr. Oneto stated there would be no need to require notice and link if the formal accusation was available on the Web site. Mr. Oneto further stated there is a clear history of what the legislature intended in statute.

CBA members discussed the compromise in wording of the statute, which altered the language from requiring the posting of an accusation, to requiring the notice of an accusation with a link.

Mr. Ramirez stated that the legal opinions provided do not address the due process issue.

Mr. Duke stated his disagreement with the legal opinion provided by Nielson Merksamer.

Mr. Walker stated he is in agreement with Mr. Duke and Mr. Howard's analysis. Mr. Walker stated there is no due process issue regarding this matter. Mr. Walker provided clarification regarding the differentiation between B&P Code Section 5103.5 and the Public Records Act. Mr. Walker stated that not posting the formal accusation leads to a negative

public perception. Mr. Walker further stated the CBA cannot place the interest of a licensee in front of that of a consumer.

Ms. Chi expressed concern regarding future legal matters as a result of a decision to post accusations. Ms. Chi suggested that the CBA request a legal opinion from an independent attorney with no interest in the matter. Ms. Brough concurred with Ms. Chi's comments and stated it is offensive to imply that the CBA is not protecting consumers.

Mr. Bermudez suggested the CBA seek opinion from Legislative Counsel. Mr. Ayers stated that he placed a request for Legislative Counsel opinion, which should be provided by the end of October.

Ms. Taylor stated it is her opinion that the law requires a summary of the accusation and it would make more sense to provide the formal accusation.

Mr. Petersen stated this matter has been before the CBA for over a year and he would like to see it resolved.

**It was moved by Mr. Petersen, seconded by Ms. Taylor and carried by those present to adopt Option 3 of Attachment 3 to post accusations on the CBA Web site with a watermark disclaimer identifying "This is not a disciplinary action or a final decision of the Board." The motion also included adoption of notice to licensee Option 2A with an amendment to clarify that the licensee has the right to an investigative hearing within 15 days of notice. Ms. Chi opposed. Ms. Brough and Mr. Bermudez abstained.**

Mr. Driftmier stated that in response to Mr. Walker's comments regarding public perception, the CBA takes consumer protection very seriously. Mr. Driftmier stated he is in support of posting formal accusations.

Mr. Ramirez stated there was a technical issue regarding Mr. Petersen's motion.

Mr. Young stated that every board/bureau within the DCA, with exception of the CBA, are posting formal accusations on their respective Web sites. Mr. Young stated the DCA is currently posting accusations on behalf of the CBA. Mr. Young further stated that this is an opportunity for the CBA to fulfill its commitment to consumer protection by posting the accusations.

Mr. Bermudez stated that he would like to wait for the outcome of the opinion of Legislative Counsel.

**It was then moved by Ms. Taylor, seconded by Ms. Bell and carried by those present to modify the amendment on the notice to clarify**

**the licensee has the right to request an investigative hearing within 15 days of notice. Ms. Chi, Ms. Brough, and Mr. Bermudez abstained. Mr. Petersen was temporarily absent.**

F. DCA Director's Report.

1. Governor's Directive Regarding the Hiring Freeze.

Mr. Young stated the hiring freeze applies to all state agencies under the Governor's directive and all funding sources. Mr. Young stated there is an exception/exemption process, which will only be considered in situations of health and safety, disaster assistance, or mission critical. Mr. Young stated the CBA has submitted a request for exemption to obtain the necessary enforcement resources and this information will be forwarded for consideration. Mr. Young further stated this is a daunting endeavor; however, Ms. Bowers has made an excellent presentation which the DCA will aggressively pursue.

2. Budget Presentation Update.

Mr. Young stated there will be a panel of Subject Matter Experts available at the working conference in October, to address the CBA's budget-related inquiries.

Mr. Ramirez inquired if the budget presentation could include information on a legislative solution to the CBA's inability to hire investigators. Mr. Young stated the issue will be specifically addressed.

3. Posting Accusations/Disciplinary Decisions.

Mr. Young's comments regarding this topic were previously expressed under Agenda Item VIII.E.

G. Discussion on Obtaining an Exemption to the Webcasting Requirement.

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 10)**.

Mr. Bermudez stated the he does not see the potential for this to be a radioactive bill. Mr. Bermudez stated it is a simple bill and we should encourage other boards/bureaus to participate. Mr. Bermudez stated that he sees this as an urgency bill with no issues. Mr. Bermudez further stated that he does not believe the intent was to include working structural meetings.

Mr. Howard stated the intent was to allow the broader public the same access to CBA meetings as if they were able to attend in person.

Mr. Howard stated that he is open to discussing this matter with the CBA as not every contingency and application of the law were originally considered. Mr. Howard further stated that a CBA retreat would be intensely interesting to the public.

Mr. Petersen inquired as to what was motive behind this proposal. Ms. Bowers stated that there was confusion regarding the original intent. Ms. Bowers further stated that this proposal is to provide clarification regarding the matter.

Mr. Petersen stated his opposition for the bill.

**It was moved by Mr. Bermudez to pursue legislation regarding this matter. The motion failed due to lack of a second.**

H. Update on Current Projects List (Written Report Only).

There were no comments received for this item.

IX. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 11)**.

Ms. Pearce stated that Liza Walker, Licensing Manager, was nominated to represent the CBA with regards to the BreEZe implementation project.

B. Discussion on CBA's Use of the Accountancy Licensee Database (ALD).

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 12)**.

Ms. Pearce stated that Ms. Bowers played a key role in getting California on board with the ALD program. Ms. Pearce further stated that Ms. Anderson is also participating on the ALD task force and continuing the CBA's efforts regarding the program.

X. Report of the Enforcement Chief.

A. Report on Status of Enforcement Matters.

1. Enforcement Case Activity and Status Report.

Mr. Ixta provided an overview of the new Enforcement Case Activity and Status Report **(see Attachment 13)**.

Ms. Bowers recognized Mr. Ixta for his efforts in evaluating and revamping the exam and hiring process associated with the enforcement Investigative CPA series. Ms. Bowers stated the CBA is working on various alternatives to fill vacancies. Ms. Bowers further stated that positions are abolished after a six month vacancy period and it is unlikely the CBA will receive exemption approval to the hiring freeze.

2. Aging Inventory Report.

Mr. Ixta provided an overview of this item (**see Attachment 14**).

Mr. Ramirez inquired if additional information may be considered regarding enforcement matters. Mr. Duke stated the only information to be considered is contained in the administrative record.

3. Report on Citations and Fines.

Mr. Ixta stated there was one citation issued for practicing without a permit, which was paid for \$1,000.

4. Reportable Events Report.

There were no comments received for this item.

XI. Committee and Task Force Reports.

A. Report of the Enforcement Program Oversight Committee (EPOC).

1. Report of the September 22, 2010 EPOC Meeting.

Mr. Petersen thanked Mr. Ixta and Mr. Fisher for their presentation to the EPOC.

2. Consideration of Proposed Revisions to Disciplinary Guidelines.

a. Identification of New/Amended Statutes and Regulations Enacted Since Approval of Proposed Revisions at the May 15 and July 24, 2009 CBA Meetings.

**It was moved by Mr. Petersen, seconded by Ms. Anderson to adopt the EPOC's recommendation to adopt the proposed revisions to the *Manual of Disciplinary Guidelines and Model Disciplinary Orders, 6<sup>th</sup> Edition, 2005*. Mr. Petersen withdrew this motion for amendment purposes.**

**It was then moved by Mr. Petersen, seconded by Ms. Taylor and unanimously carried by those present to adopt the**

**EPOC's recommendation to adopt the proposed revisions to the *Manual of Disciplinary Guidelines and Model Disciplinary Orders, 6<sup>th</sup> Edition, 2005* and proceed with the process to amend Section 98 of the California Code of Regulations to incorporate the *Manual of Disciplinary Guidelines and Model Disciplinary Orders, 7<sup>th</sup> Edition, 2010*, by reference.**

- b. Proposed Optional Condition of Probation – Prohibition from Accepting New Clients.

Mr. Petersen stated the EPOC felt that the CBA has adequate authority regarding this matter and does not recommend any changes at this time.

3. Investigative Process – Does the CBA have a Major Case Program?

Mr. Petersen stated that the CBA does not have a major case program and that all complaints against licensees are treated with the same process. Mr. Petersen further stated that cases are dependent upon the complexity and not the size of the firm.

Ms. Bowers stated the Case Aging Report will be modified going forward to provide details for cases that are delayed beyond the 12-18 month period.

4. Review of Mediation Guidelines.

Mr. Petersen stated the EPOC reviewed the CBA's Mediation Guidelines and does not recommend any changes at this time.

5. Consideration of Delegating to the Executive Officer the Authority to Approve and Sign Default Decisions, Proposed Decisions, and Specified Stipulated Settlements.

**It was moved by Mr. Petersen, and seconded by Ms. Taylor to adopt the EPOC's recommendation that the CBA approve delegation of the authority to the Executive Officer to sign default decisions and stipulated decisions for revocation or surrender of license on behalf of the CBA. Mr. Petersen withdrew this motion for amendment purposes.**

Mr. Ramirez inquired if the CBA will be delegating its ability to oversee this process to the Executive Officer. Mr. Petersen confirmed the recommendation and stated that it is the current practice of many boards.

Mr. Bermudez recommended an alternate solution of placing all items under a consent agenda.

Mr. Walker stated that the CBA has 30 days to reconsider any decision should it disagree with that of the Executive Officer.

CBA members discussed the terms and conditions that would apply to this delegation.

Mr. Sonne suggested incorporating language within the stipulation to expressly state that the license holder is waiving the right to have the stipulation approved by the CBA. Mr. Sonne further stated there is a pending legal issue regarding the propriety of handling default decisions and it is his suggestion to remove the consideration of default decisions until this matter has been concluded.

CBA members discussed the pros and cons with delegating the authority to the Executive Officer and the differences between default decisions and stipulated decisions. Mr. Duke provided clarification regarding the current delegated authority and the proposed delegated authority.

MS. Bowers stated the intent of the delegation was to expedite enforcement matters. Ms. Bowers stated the downfall is the loss of CBA member deliberation. Ms. Bowers further stated an alternate option regarding these matters would be the mail vote process.

**It was moved by Mr. Petersen, seconded by Ms. Taylor and unanimously carried by those present to adopt and approve the delegation of authority to the Executive Officer to sign stipulated decisions for revocation or surrender of license on behalf of the CBA.**

Mr. Bermudez suggested all enforcement actions be considered via mail vote.

Mr. Petersen suggested the CBA reconsider the mail vote process and consent agenda at a future meeting.

## B. Report of the Committee on Professional Conduct (CPC).

### 1. Report of the July 28, 2010 CPC Meeting.

#### a. Consideration of Regulatory Language for Section 1.5 – Delegation of Certain Functions.

Ms. LaManna stated the CPC recommends that the CBA approve the language of the proposal for this item.

Ms. Brough stated it is her opinion that the authority should be

assigned to the individual and not the position.

**It was moved by Mr. Driftmier to adopt and approve the regulatory language and incorporate changes to mirror the delegation of authority language adopted by the EPOC. Mr. Driftmier later withdrew this motion.**

Ms. Taylor opposed the incorporation of language in the regulation and suggested the CBA issue the delegation of authority letter to each Executive Officer in order to maintain control of what is being delegated.

**It was moved by Ms. Taylor, seconded by Ms. Brough and carried by those present to not move forward with the regulatory change. Ms. LaManna and Ms. Bell opposed.**

- b. Discussion on a Retired Option for CPA/PA License.

Ms. LaManna stated that this item will be covered under Agenda Item XI.B.2.b. – Continued Consideration of a Retired Option for CPA/PA License.

- c. Qualifications Committee (QC) Recommendation Regarding Defining Supervision in CBA Regulations Sections 12 and 12.5.

**It was moved by Ms. LaManna, seconded by Ms. Chi and carried by those present to adopt the CPC's recommendation that the CBA proceed with rulemaking to incorporate the recommendations made by the QC. Mr. Petersen abstained.**

- d. QC Recommendation Regarding Further Defining General Accounting Experience in CBA Regulation Section 12.

The CBA took no action regarding this item.

- 2. Report of the September 22, 2010 CPC Meeting.

- a. Consideration of Regulatory Language for Section 48.3 – Peer Review Provider Reporting Responsibilities.

**It was moved by Mr. Driftmier, seconded by Ms. Anderson and unanimously carried by those present to adopt the CPC's recommendation that the CBA approve the language of the proposal with the 60 day requirement for the reporting of deficiencies.**

- b. Continued Consideration of Retired Status for CPA/PA Licensure.

Ms. Taylor inquired regarding the instance of licensees becoming deceased. Ms. LaManna stated the CPC is not recommending this be incorporated into legislation at this time and suggested it be added into regulation.

Ms. Bowers stated the CBA is working with the DCA on the development of a uniform policy regarding matters like this. Ms. Bowers further stated that it may be appropriate for the CBA to postpone its decision on the length of time associated with the renewal of retired individuals until such a policy is in place.

Ms. Pearce stated that staff can further research and provide more information on what other boards/bureaus have in place regarding this matter.

Mr. Stanley stated that the legislation provided in November will be permissive to allow the CBA to craft the language as it wishes.

**It was moved by Ms. LaManna, seconded by Mr. Bermudez and unanimously carried by those present to adopt the CPC's recommendation that the CBA do the following:**

- **Direct staff to prepare permissive legislative language that will allow the CBA to establish a retired status and bring that language to the Legislative Committee in November 2010.**
- **Direct the CPC to begin deliberating regulatory language to implement the legislation, should it become law.**
- **Adopt the following general guidelines for staff to use as they prepare the legislation and regulation discussions:**
  - **A licensee may not be placed in retired status if there are pending enforcement actions.**
  - **A licensee must have 20 years in the profession to apply for retired status.**
  - **In addition to the 20 years in the profession, the licensee must be either disabled or a minimum of 55 years old.**
  - **The application fee for retired status be set at \$100 and the fee for restoration of the license be set at \$200.**
  - **A retired status licensee shall use the term "Retired"**

**when using the CPA designation.**

- **In order to restore a retired license to an active status, a licensee shall meet the same requirements as on converting from an inactive status.**

C. Report of the Legislative Committee (LC).

1. Report of the July 28, 2010 LC Meeting.

- a. Update on Bills on Which the CBA Has Taken a Position (AB 797, AB 1215, AB 1659, AB 1787, AB 1899, AB 1993, AB 2091, AB 2130, AB 2466, AB 2494, AB 2537, AB 2603, AB 2652, AB 2738, SB 389, SB 691, SB 942, SB 1111, SB 1171, SB 1490, SB 1491).

Mr. Stanley stated that nothing has significantly changed with the referenced bills and no action is necessary at this time.

D. Report of the Accounting Education Committee (AEC).

1. Report of the June 23, 2010 AEC Meeting.

2. Report of the September 3, 2010 AEC Meeting.

Mr. Driftmier stated the AEC has accomplished many things in its first three meetings. Mr. Driftmier stated a majority of the AEC felt that of the 20 additional units in accounting study, six would be designated for additional accounting classes and the remaining 14 would be designated for business-related or other courses related to accounting or business courses. Mr. Driftmier further stated that Mr. Davila, AEC Chair, will be working with CBA staff to further define the language for this proposal.

E. Report of the Ethics Curriculum Committee (ECC).

1. Update on ECC Appointments (Written Report Only).

There were no comments regarding this item.

2. Report of the September 21, 2010 ECC Meeting.

Mr. Driftmier stated the ECC met September 21, 2010 and began discussion on its charge of defining the 10 units of ethics study that will be required for licensure beginning January 1, 2014.

Mr. Duke stated that the DCA would be providing a legal opinion regarding graduate credits.

3. Tentative Staff Developed ECC Timeline of Activities.

There were no comments regarding this item.

F. Report of the Peer Review Oversight Committee (PROC).

There was no report for this item.

G. Report of the EAC.

1. No Report.

H. Report of the QC.

1. Report of the July 29, 2010 QC Meeting.

Mr. Eckley stated the QC met on July 29, 2010 and there were ten appearances; eight were personal, seven were approved, and one was not approved. Mr. Eckley stated there were two Section 69 appearances; one was approved and one not approved. Mr. Eckley stated the QC conducted its annual internal audit of staff-approved applications made between July 2009 and December 2009, and found no exceptions and concurred with staff's recommendations. Mr. Eckley further stated the QC requested that staff research the potential of converting to an electronic mail process in efforts of savings on the cost of postage.

XII. Adoption of Minutes

A. Draft Minutes of the April 21, 2010 QC Meeting.

B. Draft Minutes of the May 12, 2010 EPOC Meeting.

C. Draft Minutes of the June 23, 2010 AEC Meeting.

D. Draft Minutes of the July 28, 2010 CBA Meeting.

E. Draft Minutes of the July 28, 2010 CPC Meeting.

F. Draft Minutes of the July 28, 2010 LC Meeting.

**It was moved by Ms. Anderson, seconded by Ms. Taylor and unanimously carried by those present to approve agenda items XII. as a group.**

XIII. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

1. Update on AICPA State Board Committee.

Mr. Driftmier stated the State Board Committee will be meeting in October 2010 to further discuss the CPA examination.

Mr. Ramirez acknowledged Mr. Driftmier's efforts in serving on various committees on behalf of the profession and the consumers of California.

2. AICPA Peer Review Program Exposure Draft, June 1.

Mr. Fisher provided an overview of the memorandum for this item **(see Attachment 15)**.

**It was moved by Mr. Petersen, seconded by Ms. Bell and unanimously carried to refer the exposure draft to the PROC.**

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

a. Accountancy Licensee Database (ALD) Task Force.

Ms. Bowers stated there will be an ALD presentation at the October CBA Working Conference.

b. Board Relevance & Effectiveness Committee.

There was no report for this item.

c. Compliance Assurance Committee.

There was no report for this item.

d. Education Committee.

Ms. LaManna stated that she has retired from the committee.

e. Global Strategies Committee.

There was no report for this item.

f. Uniform Accountancy Act Committee (UAA).

Mr. Driftmier stated the UAA will meet in the coming week. Mr. Driftmier further stated the UAA has indicated its interest in the

actions of the AEC and ECC.

g. UAA Mobility Implementation.

There was no report for this item.

2. NASBA Regional Director's Focus Questions.

Mr. Rich provided an overview of the memorandum for this item **(see Attached 16)**.

**It was moved by Ms. Bell, seconded by Mr. Driftmier and unanimously carried by those present to approve the staff recommended responses to the focus questions.**

3. NASBA Exposure Draft – Semi-Autonomy for State Boards.

Mr. Rich provided an overview of the memorandum for this item **(see Attachment 17)**.

Mr. Petersen recommended that the CBA not provide comment regarding this matter.

The CBA took no action regarding this item.

C. Participation on National Committees.

Ms. Daniel stated that although the deadline for submitting interest forms has lapsed, there is still time for CBA members to indicate interest regarding participation on a NASBA committee through October 2010.

XIV. Closing Business.

A. CBA Member Comments.

No comments were received.

B. Comments from Professional Societies.

Mr. Schultz, on behalf of CalCPA thanked Mr. Harris and Mr. Duke for their service to the CBA.

Mr. Harris thanked the CBA and all interested parties for the positive experience during his term of service.

Mr. Ramirez acknowledged Mr. Harris for his service to the CBA and the consumers of California.

Ms. Bowers acknowledged and thanked Mr. Harris for his contributions and going above and beyond the call of duty in assisting the CBA staff with its enforcement matters.

C. Public Comments.

No comments were received.

D. Agenda Items for Future CBA Meetings.

No agenda items were received.

E. Press Release Focus.

1. Recent Press Releases.

Ms. Hersh stated there will be a press release regarding the CBA's decision to post accusations on its Web site.

Ms. Hersh explained the newly implemented policy regarding legal review and stated that this may delay the issuance of this and all future press releases.

Ms. Taylor inquired if a press release will be issued regarding the retired status. Ms. Hersh confirmed that this matter will be addressed in a separate press release.

The CBA members discussed the importance of issuing press releases in a timely manner.

Mr. Ramirez inquired if the CBA has legal authority to direct staff to issue such press releases contrary to policy. Mr. Duke and Mr. Walker confirmed that the CBA has the implied authority to do so.

Mr. Bermudez stated that this policy is contrary to the mission of the CBA and providing information to consumers.

Ms. Anderson and Mr. Petersen recommended the CBA follow the outlined policy regarding this matter

**It was moved by Mr. Bermudez, seconded by Mr. Driftmier and carried by those present to direct staff to immediately issue the press release pursuant to the legal authority of the CBA and provide the DCA with a copy for documentation purposes. Ms. Anderson, Ms. Bell, Mr. Petersen, and Ms. Taylor opposed. Ms. Chi abstained.**

XV. Adjournment.

President Ramirez adjourned the meeting at 3:44 p.m. on Thursday, September 23, 2010.

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Manuel Ramirez, President

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Marshal Oldman, Secretary-Treasurer

Veronica Daniel, Executive Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.