



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
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CBA Item XII.A.
 May 29-30, 2014

DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
May 29-30, 2014
CBA MEETING

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000
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Roll Call and Call to Order.

CBA President Michael Savoy called the meeting to order at 1:01 p.m. on Thursday, May 29, 2014 at the Hilton Los Angeles Airport. The meeting convened into closed session at 4:00 p.m. and recessed at 4:27p.m. President Savoy reconvened the meeting at 9:00 a.m. on Friday, May 30, 2014 and convened into closed session from 11:30 a.m. to 11:38 a.m. The open meeting reconvened from 11:40 a.m. to 12:02 pm and reconvened into closed session at 12:07 pm. The meeting adjourned following closed session at 12:20 p.m.

CBA Members

May 29, 2014

Michael Savoy, President	1:01 p.m. to 4:27 p.m.
Jose Campos, Vice President	1:01 p.m. to 4:27 p.m.
Katrina Salazar, Secretary-Treasurer	Absent
Sarah (Sally) Anderson	Absent
Diana Bell	1:01 p.m. to 4:27 p.m.
Alicia Berhow	1:01 p.m. to 4:27 p.m.
Herschel Elkins	Absent
Laurence (Larry) Kaplan	1:01 p.m. to 4:27 p.m.
Louise Kirkbride	Absent
Kay Ko	1:40 p.m. to 4:27 p.m.
Leslie LaManna	1:01 p.m. to 4:27 p.m.
K.T. Leung	2:00 p.m. to 4:27 p.m.
Manuel Ramirez	Absent

Mark Silverman

1:01 p.m. to 4:27 p.m.

CBA Members

May 30, 2014

Michael Savoy, President	9:00 a.m. to 12:20 p.m.
Jose Campos, Vice President	9:00 a.m. to 12:20 p.m.
Katrina Salazar, Secretary-Treasurer	Absent
Sarah (Sally) Anderson	Absent
Diana Bell	9:00 a.m. to 11:38 a.m.
Alicia Berhow	9:00 a.m. to 12:20 p.m.
Herschel Elkins	Absent
Laurence (Larry) Kaplan	9:00 a.m. to 12:20 p.m.
Louise Kirkbride	Absent
Kay Ko	9:00 a.m. to 12:20 p.m.
Leslie LaManna	9:00 a.m. to 12:20 p.m.
K.T. Leung	9:00 a.m. to 12:20 p.m.
Manuel Ramirez	Absent
Mark Silverman	9:00 a.m. to 12:20 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Enforcement Supervising ICPA
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Vincent Johnston, Enforcement Manager
Nicholas Ng, Administration Manager
Corey Riordan, Board Relations Analyst
Kristy Schiedge, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Regulation and Legislation Coordinator

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)
Sherry McCoy, Vice-Chair, PROC
Robert Ruehl, Vice-Chair, Qualifications Committee (QC)

Other Participants

Jessica Alderson, Petitioner
Richard Gensely Boyer, Petitioner
Humberto Flores, Administrative Law Judge

Jason Fox, California Society of Certified Public Accountants (CalCPA)
Lori Odell Kennedy, Kennedy Court Reporters
Pilar Oñate-Quintana, KP Public Affairs
Hal Schultz, CalCPA
Erick Lloyd Tigard, Petitioner

I. Report of the President.

A. Educational Presentation on Sunset Review Process.

Mr. Stanley provided an overview of the Sunset Review Process.

B. DCA Director's Report.

1. Update on BreEZe.

There was no report on this item.

C. Discussion Regarding Start Times for CBA and Committee Meetings.

Mr. Savoy provided an overview of this item.

Mr. Campos suggested a more aggressive start time schedule for the CBA meeting which would provide the opportunity for the CBA to begin before the lunch hour.

Mr. Kaplan suggested starting the committee meetings later or holding the meeting through the lunch hour.

Mr. Savoy stated that the agenda schedule can be adjusted, at the CBA President's discretion. He suggested that should committee meetings end early, the CBA could convene into closed session to fill the gap, with minimal disruption to the public and staff. He further stated that staff will explore the CBAs ideas at the next two day meeting in September.

D. Report on April 28, 2014 Legislative Visits.

Mr. Savoy provided an overview of this item. He stated that Ms. Bowers and he attended the CalCPA Governmental Relations Committee Meeting. Mr. Savoy further stated that Ms. Bowers, Mr. Campos, Mr. Stanley and he visited the offices of several assembly members, including Assembly Members Gato, Gordon, Jones, Olsen and Dickinson, and Senator Block, to discuss consumer protection, fingerprinting, peer review and mobility. He also stated that they discussed the CBA's opposition on AB 2058. Lastly, he stated they requested support for the CBA's upcoming Sunset Review.

II. Report of the Vice President.

- A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee (EAC).

It was moved by Ms. Bell, seconded by Ms. LaManna and unanimously carried by those present to reappoint Mr. Rosenbaum to the EAC for a two-year term effective June 1, 2014.

- B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee (QC).

It was moved by Ms. Berhow, seconded by Mr. Leung and unanimously carried by those present to appoint Ms. Raissian and Ms. Sugiyama to the QC for two-year terms effective May 29, 2014.

It was moved by Ms. LaManna, seconded by Ms. Bell and unanimously carried by those present to reappoint Ms. Moore-Hudnall to a two-year term effective June 1, 2014.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

It was moved by Ms. Berhow, seconded by Mr. Savoy and unanimously carried by those present to appoint Ms. Lee as Chair of the PROC effective May 30, 2014 through December 31, 2015.

III. Report of the Secretary/Treasurer.

- A. Fiscal Year 2013–2014 Third Quarter Financial Statement.

Mr. Ng provided an overview of this item. Mr. Ng stated that the Fiscal Year (FY) 2014-2015 budget currently stands at \$13.4 million. He stated that the final FY 2014-2015 budget will include at least one change due to an across-the-board two percent raise for state employees. He stated that all loans to the General Fund are expected to be repaid by FY 2017-2018. Mr. Ng stated that staff have directed the Department of Consumer Affairs to place \$350,000 of the FY 2013-2014 budget reserves into an Architectural Revolving Fund to be used for the pending move to the new office facility. Mr. Ng further stated that expenditures are expected to continue to outpace revenues with a projected decrease of the Reserve to \$14.8 million by the end of FY 2013-2014.

Mr. Savoy inquired if the CBA was able to permanently reduce fees rather than continuing to temporarily reduce fees in two-year increments.

Mr. Ng stated that due to the unknown expenditures, fees are generally reduced temporarily.

B. Discussion of Governor's Budget.

There was no report on this item.

C. Overview of CBA Budget Process, Review of Fee Reduction and Impact on CBA Budget.

Mr. Ng noted that most of the changes to the CBA's budget occur outside of the CBA's control. He noted that the direct changes that can occur are done so through submitting requests through the budget change proposal process and request for budget augmentations via equipment and out-of-state travel requests. Mr. Ng also noted several ways that staff monitor the CBA's spending to ensure it does not go over the budget limits. Lastly, Mr. Ng discussed various fiscal issues and future concerns; notably that with the temporary fee reductions the CBA will experience a negative cash flow. He noted that assumptions of automatic or scheduled loan repayments to cover prolonged periods of negative cash flow could come with significant risks.

IV. Report of the Enforcement Advisory Committee, Qualifications Committee and Peer Review Oversight Committee.

A. Enforcement Advisory Committee (EAC).

1. Report of the May 1, 2014 EAC Meeting.

Ms. Gerhardt reported that the EAC reviewed 34 closed files, one restated financial statement and held six investigative hearings.

B. Qualifications Committee (QC).

1. Report of the April 23, 2014 QC Meeting.

Mr. Ruehl reported that the QC held a New Member Orientation for three newly appointed members. He stated that five interviews, two personal appearances and three section 69 reviews were conducted. Mr. Ruehl stated that the QC approved one personal appearance and two Section 69 reviews and deferred the remaining cases. Lastly, Mr. Ruehl stated that the QC performed an internal audit on 99 approved files and concurred with staff's assessment.

C. Peer Review Oversight Committee (PROC).

1. Report on the May 2, 2014 PROC Meeting.

Ms. McCoy reported that the PROC had two guests, Marsha Hein, a technical reviewer for the CalCPA and Janice Gray, Chair of the National Association of State Boards of Accountancy (NASBA)

Compliance Assurance Committee. Ms. McCoy stated that Mr. Sadat, PROC member and a member of CBA staff will be evaluating the compilation and review area of the NASBA Exposure Draft and its impact on peer review in California. Ms. McCoy further stated that the PROC reviewed the report of the CalCPA Acceptance Body Activities and two reports on oversight of CalCPA that did not result in any findings or concerns. Ms. McCoy reported that Mr. Ixta provided an overview of an Employee Retirement Income Security Act audit issue and the new Committee Member Resource Guide.

V. Report of the Executive Officer (EO).

A. Update on the Relocation of the CBA's Principal Office.

Ms. Bowers reported that the CBA has received approval from Department of Finance regarding the planned move and the next step is to advertise for bids. She stated that once bids are received staff will have the opportunity perform site visits and narrow the search to two or three locations. Ms. Bowers further stated that Department of General Services will make the final decision on a new location.

B. Update on Staffing.

Ms. Bowers provided an overview of this item. She stated that a staff organization chart is located in the For Your Information tab of the meeting materials. Ms. Bowers highlighted that many of the 31 vacant positions are related to the newly established positions, which includes the new CORI investigations unit. Ms. Bowers stated that Vincent Johnston will manage the CORI unit and congratulated him on the promotion.

C. Update on the CBA 2013–2015 Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

VI. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Mr. Franzella provided an overview of this item. He stated that the Initial Licensing Unit and Renewal Unit have experienced an increased volume in stakeholder contact, which is a result of the new educational requirements and fingerprinting. Mr. Franzella noted that the Uniform CPA Examination (CPA Exam) application processing timeframe is at 18 days for first-time applicants and 10 days for repeat applicants. He stated that the report includes the most recent CPA Exam Performance results from the NASBA and highlighted that California continues to have the

largest number of candidates. Mr. Franzella stated that the timeframe for processing licensure applications is currently averaging 25 days for individuals and 12 days for accounting firms.

VII. Report of the Enforcement Chief.

A. Report on Enforcement Division Activity.

Mr. Ixta provided an overview of this item. He stated that the Enforcement Division has received 2,845 complaints in FY 2013-2014. He noted that 746 investigations are pending, with 10 pending over 24 months. Mr. Ixta reported that 33 cases with the Attorney General's Office (AG) have been closed resulting in 70 cases still pending. Mr. Ixta stated that fine amounts vary from \$100 to \$5,000 which is determined on a case-by-case basis and includes factors such as aggravating or mitigating circumstances and the length of time the violation existed. Mr. Ixta further noted that since the last report, 172 licensees have reported their peer review information and currently 665 licensees still need to report.

VIII. Committee/Group Reports.

A. Legislative Committee (LC).

1. Report of the May 29, 2014 LC Meeting.
2. Update on Legislation on Which the CBA Has Taken a Position (AB 186, AB 1702, AB 2058, AB 2147, AB 2165, AB 2507, and SB 176).

Mr. Stanley reported that the author of AB 186 has agreed to accept the CBA's requested amendment to include that the licensee must have a current, active, and unrestricted license in their jurisdiction. Given the author's agreement to amend the bill, staff recommends the CBA change its position to support.

It was moved by Ms. LaManna, seconded by Ms. Bell and unanimously carried by those present to adopt a "Support" position on AB 186, once the author amends the bill to include that the licensee has a current, active, and unrestricted license in their jurisdiction.

Mr. Kaplan reported that the LC recommends that the CBA maintain its current position on AB 1702, AB 2058 and SB 176 and discontinue the following of AB 2147, AB 2165 and AB 2507, as these bills failed to meet deadlines and are now dead.

It was moved by Mr. Campos, seconded by Mr. Leung and unanimously carried by those present to accept the LC's

recommendation to discontinue following AB 2147, AB 2165 and AB 2507.

3. Consideration of Positions on Newly Introduced Legislation.

a. AB 2396 – Convictions: expungement: licenses

Mr. Kaplan reported that the LC recommends that the CBA take an Oppose position on AB 2396, as this proposal would prohibit a DCA board from denying a license based solely on a dismissed conviction.

Mr. Campos disagreed with the LC's recommended position, as he agreed with the bill's language, stating that a license denial could not be solely based on a dismissed conviction.

It was moved by Ms. Berhow, seconded by Ms. Bell and carried by those present to accept the LC's recommendation to adopt an "Oppose" position on AB 2396. Mr. Campos voted against the LC's recommendation.

b. AB 2415 – Property tax agents

Mr. Kaplan reported that the LC recommends that the CBA take an oppose unless amended position on AB 2415. He stated that staff informed the LC that they have been in contact with the author's office and the author is not currently willing to exclude anyone from the bill.

It was moved by Ms. Bell, seconded by Ms. LaManna to accept the LC's recommendation to adopt an "Oppose unless amended position" to exclude CPAs and clearly state that the state law will supersede any local laws on this issue on AB 2415.

Mr. Fox stated that CalCPA currently opposes the bill, as language is broadly written and the registration would include services within the scope of CPAs, thus the bill would be duplicative, unnecessary and an intrusion on the CBA as the regulatory agency of CPAs.

Mr. Savoy stated that the CBA has attempted to meet with the author and was unable to do so before taking action.

After CBA member and public comment the motion was unanimously carried by those present.

c. AB 2720 – State agencies: meetings: record of action taken

Mr. Kaplan reported that AB 2720 would require state bodies to publically report any action take and the vote of each member present. He stated that the LC recommends that the CBA adopt a support position, as the bill would not impact how the CBA currently does business and it would increase transparency throughout state government.

It was moved by Ms. Berhow, seconded by Mr. Leung and unanimously carried by those present to accept the LC's recommendation to adopt a "Support" position on AB 2720.

- d. SB 1091 – California Regulatory Notice Register: proposed rulemaking activities

This item was not discussed as Mr. Kaplan indicated that the bill had not passed out of the Appropriations Committee before the Legislative deadline.

- e. SB 1159 – License applicants: federal tax identification number

Mr. Kaplan reported that the LC recommends that the CBA watch SB 1159 and expressed concern at potential conflict with federal law.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to accept the LC's recommendation to adopt a "Watch" position and instruct staff to express concerns that the bill conflicts with federal law.

- f. SB 1258 – Controlled substances: prescriptions

This item was not discussed as Mr. Kaplan indicated that the bill had not passed out of the Appropriations Committee before the Legislative deadline.

- g. SB 1467 – Professions and vocations (Omnibus bill)

Mr. Kaplan reported that SB 1467 is the omnibus bill and includes four provisions requested by the CBA; collecting email addresses, allowing experience in academia, putting a 30 day time frame on a practice privilege holder to report criminal charges and correcting a drafting error in the practice privilege law.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to accept the LC's

recommendation to adopt a “Support” position on SB 1467.

4. Additional Legislation Impacting the CBA Identified by Staff After the Posting of the Meeting Notice.

There was no report on this item.

B. Committee on Professional Conduct (CPC).

1. Report of the May 29, 2014 CPC Meeting.
2. Discussion Regarding Possible New Issues for Inclusion in the Sunset Review Report.

Mr. Campos provided an overview of this item. He stated that the CPC agreed with staff’s recommendation to include registration of sole proprietorships and the accountancy fund reserve following loan repayments as new issues in the Sunset Review. He further stated that the CPC recommended including a topic regarding increasing the CBA’s participation nationally with organizations, such as NASBA.

It was moved by Mr. Silverman, seconded by Ms. LaManna and unanimously carried by those present to accept the CPC’s recommendation to include the following issues in the Sunset Review:

- **Registration of sole proprietorships**
- **Accountancy fund reserve following loan repayments**
- **Increasing CBA’s participation nationally with various national organizations**

3. Overview of Methodology for Collecting Practice Privilege Data from Other State Boards of Accountancy Required for the Report Required by Business and Professions Code Section 5096.21(d).

Mr. Campos provided an overview of this item. Mr. Campos stated that the CBA is required by the new practice privilege provisions, to prepare a report to the Legislature. To assist the CBA in preparing the report, staff have proposed a survey of other state boards of accountancy. Mr. Campos further stated that the last three questions of the survey are not relevant to the report to the Legislature, but will provide the MSG with information it has requested.

It was moved by Mr. Silverman, seconded by Ms. Berhow and unanimously carried by those present to accept staff’s proposal while obtaining input from stakeholders during the process.

4. Discussion Regarding Conducting a Study on California’s Attest

Experience Requirement.

Mr. Campos provided an overview of this item. He stated the staff provided a preliminary plan for working with a consultant to gather information on California's attest experience requirement.

Mr. Campos stated that staff recommended including new licensees, hiring managers, applicants for licensure and consumers in the study. He further reported that the CPC suggested including individuals who sign experience forms in the study. Mr. Campos noted that the staff have allotted three meetings for the consultant and the CPC to discuss options and methodologies for conducting the study and that the consultant will provide a final report no later than January 2015.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to accept the CPC's recommendation to approve the plan proposed by staff, include those who sign experience forms to the survey, and grant approval for appointing a two-person subcommittee to serve in an advisory capacity to the consultant.

5. Discussion and Possible Action to Recommend Changes to CBA Regulations Sections 12, 12.5, and 37 – Regarding Continuing Education Required for Initial Licensure.

Mr. Campos provided an overview of this item. He stated that the regulatory proposal would specify that an applicant with experience five or more years old, who has not passed the CPA Exam in the last five years, must complete 80 hours of continuing education (CE), in the two year preceding approval of the application. Mr. Campos noted that the current regulation states that the applicant is required to complete 80 hours of CE in the two years prior to receipt of application. Mr. Campos stated that the change would allow the CBA to notify the applicant of required CE while still allowing time for the applicant to complete it.

It was moved by Mr. Silverman, seconded by Mr. Leung and unanimously carried by those present to approve the language and direct staff to initiate the rulemaking process.

6. Discussion and Possible Action to Recommend Initiation of Rulemaking to Implement Experience in Academia as Qualifying Experience for CPA Licensure.

Mr. Campos provided an overview of this agenda item. He stated that this year's omnibus bill, SB 1467, contains the CBA's language to allow experience in academia to qualify for licensure. Mr. Campos

stated that once legislation is passed, it will need to be implemented through regulation. He noted that the proposal would specify the following:

- The 48 semester units, or the equivalent, in academia would qualify as one year of general experience.
- The applicant must have been an instructor, at an accredited institution, for a course in a subject listed in CBA Regulations section 9.2(b).
- Allows experience in academia to be combined with other general experience at a ratio of 4 semester units, or the equivalent, to one month of general experience. However, the total experience cannot be obtained in less than 12 months.
- If the experience is obtained 5 or more years ago and the applicant has not passed the CPA Exam in the prior five years, the applicant will need to complete 80 hours of CE prior to licensure.
- Creates a form on which the dean, head or chair of the applicant's department will verify the qualifying experience.

Lastly, Mr. Campos stated that staff recommended that the Social Security Number requirement be removed to ease its passage through the regulatory process.

It was moved by Ms. Berhow, seconded by Mr. Silverman and unanimously carried by those present to approve the language, with the removal of the social security number, direct staff to make any technical changes, and initiate the rulemaking process upon passage of SB 1467.

C. Enforcement Program Oversight Committee (EPOC).

1. Report of the May 29, 2014 EPOC Meeting.
2. Discussion of Mandatory Suspensions in the CBA Disciplinary Guidelines and Model Orders.

Ms. Berhow provided an overview of this item. She stated that the guidelines contain minimum discipline that is discretionary or statutorily mandated depending on the code section violated.

Ms. Berhow further noted that the CBA or an Administrative Law Judge may deviate from the guidelines whenever there are

aggravating or mitigating circumstances related to the violation.

It was moved by Mr. Campos, seconded by Ms. Bell and unanimously carried by those present to accept the staff's recommendation of no changes to the Disciplinary Guidelines.

D. Mobility Stakeholder Group.

There was no report on this item.

IX. Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Section 98 – Disciplinary Guidelines and Models Orders 9th Edition, 2013.

Mr. Stanley read the following statement regarding the regulation hearing into the record:

“This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to specify and clarify the Board's requirements pertaining to disciplinary guidelines.

On behalf of the Board and its staff, I'd like to welcome you. My name is Matthew Stanley and I serve as the Board's Regulation Coordinator. I will preside over this hearing on behalf of the Board and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, 5018 and 5116 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is May 30, 2014 and the time is approximately 9:02 a.m. Our hearing is being held at Hilton Los Angeles Airport, 5711 West Century Blvd., Los Angeles, California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the board's Web site and upon request by other members of the public. Copies of the proposed regulations are available.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received

up until 5:00 p.m., May 5, 2014. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the Board an opportunity to address your comments directly when the Board makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned the regulation hearing at 9:05 a.m.

B. Discussion and Possible Action to Adopt or Amend CBA Regulation Section 98 – Disciplinary Guidelines and Model Orders.

Mr. Stanley stated that the proposed regulatory change will protect consumers by providing the CBA and Administrative Law Judges with updated guidelines to reference when imposing disciplinary action on licensees and provide standards for consistent and appropriate enforcement of the laws under the CBA's jurisdiction.

It was moved by Mr. Silverman, seconded by Ms. Ko and

unanimously carried by those present to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

C. Regulation Hearing Regarding Title 16, CCR Section 19 – Practice Privilege Notification of Pending Criminal Charges.

Mr. Stanley read the following statement regarding the regulation hearing into record:

This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to specify and clarify the Board's requirements pertaining to practice privilege notification of pending criminal charges.

On behalf of the Board and its staff, I'd like to welcome you. My name is Matthew Stanley and I serve as the Board's Regulation Coordinator. I will preside over this hearing on behalf of the Board and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, and 5096.9 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is May 30, 2014 and the time is approximately 9:08 a.m. Our hearing is being held at Hilton Los Angeles Airport, 5711 West Century Blvd., Los Angeles, California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the board's Web site and upon request by other members of the public. Copies of the proposed regulations are available.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received up until 5:00 p.m., May 26, 2014. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the Board an opportunity to address your comments directly when the Board makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned the regulation hearing at 9:11 a.m.

- D. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Section 19 – Practice Privilege Notification of Pending Criminal Charges.

Mr. Stanley stated that the proposed regulatory change will incorporate, by reference in the practice privilege regulations, a practice privilege notification of pending criminal charges form.

It was moved by Mr. Silverman, seconded by Ms. Bell and unanimously carried by those present to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulation as described in the modified text notice.

X. Petition Hearings.

A. Richard Gensely Boyer – Petition for Termination of Probation.

The CBA heard Mr. Boyer's petition for termination of probation.

B. Erick Llyod Tigard – Petition for Reinstatement of Revoked Certificate.

The CBA heard Mr. Tigard's petition for reinstatement of revoked certificate.

C. Jessica Alderson – Petition for Termination of Probation.

The CBA heard Ms. Alderson's petition for termination of probation.

XI. Acceptance of Minutes

A. Draft Minutes of the March 20-21, 2014 CBA Meeting.

It was moved by Mr. Campos, seconded by Ms. Bell and carried by those present to accept the draft minutes of the March 20-21, 2014 CBA meeting, with the amendment of "will convene" to "convened" on page 19545, section 12. Ms. LaManna abstained.

B. Minutes of the March 20, 2014 CPC Meeting.

C. Minutes of the March 20, 2014 EPOC Meeting.

D. Minutes of the March 20, 2014 LC Meeting.

E. Minutes of the January 30, 2014 EAC Meeting.

F. Minutes of the January 31, 2014 PROC Meeting.

G. Minutes of the January 22, 2014 QC Meeting.

It was moved by Mr. Campos, seconded by Ms. Berhow and carried by those present to accept the minutes of agenda items XI.B – XI.G. Ms. LaManna abstained.

XII. Other Business.

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

There was no report on this item.

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

1. Update on NASBA Committees.

a. Accountancy Licensee Database Task Force.

There was no report on this item.

C. Nominations for NASBA Board of Directors.

It was moved by Ms. Berhow, seconded by Mr. Campos and unanimously carried by those present to direct staff to prepare a letter recommending Ms. Mickelson for the NASBA Director-at-Large position and delegate approval of the final language to the CBA President.

XIII. Closing Business.

A. Public Comments.

There were no comments.

B. Agenda Items for Future CBA Meetings.

Mr. Kaplan requested that staff explore issues related to discipline cases regarding moral or private issues and provide context and background.

Ms. LaManna suggested the exploration of compelling psychiatric evaluations when it is affecting competency.

C. Press Release Focus.

Ms. Pearce suggested the new committee appointments and current recruitment of committee vacancies as the topic for the Press Release Focus.

XIV. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, Reconsideration of Board's Decision, and Decision after Non-Adoption).

President Savoy adjourned the meeting at 12:20 p.m. on Friday,
May 30, 2014.

_____ Michael M. Savoy, CPA, President

_____ Katrina Salazar, CPA,
Secretary-Treasurer

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