

NEW JERSEY STATE BOARD OF ACCOUNTANCY

Public Session Minutes January 23, 2003

A meeting of the New Jersey State Board of Accountancy was convened in accordance with the provisions of the Open Public Meetings Act. Pursuant to those provisions, the proper notifications were made to the Secretary of State's Office, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record and the Star-Ledger. Herb Lipman, President of the Board, called the meeting to order at 9:45 A.M. and the following roll call was taken:

Elizabeth Burns, CPA	Present
Robert Cagnassola, CPA	Present
Andy DuBoff, CPA	Present
Bennie Hadnott, CPA	Present
Aubrey Kosson, CPA	Present
Herb Lipman, CPA	Present
Jeanne McPartland, Public Member	Present
Al Pisano, Esq, Public Member	Present
Gail Ryan, CPA	Present
Margaret Shoe, Public Accountant	Present
Robert Sommer, Public Accountant	Present
John E. Tully, CPA, Government Member	Present

Also present at the meeting were Jay J. Church, Executive Director; Marianne Greenwald, Deputy Attorney General; Dale Nelson, Director of Accounting; Melba Perez, Assistant to the Executive Director; Ralph Thomas, CPA, Executive Director, NJSCPA; John F. Dailey, Jr. CPA, President, NJSCPA; James B. Evans Jr., CPA, President-Elect, NJSCPA; Richard Van Volkenburgh, NJAPA.

I. Minutes of the Meeting of December 19, 2002

The Board reviewed the minutes of the meeting of December 19, 2002 and on a motion by Andy DuBoff, seconded by Margaret Shoe moved to approve the minutes with corrections. The vote of the Board was eleven (11) voting in favor with Al Pisano abstaining.

II. President's Remarks

Herb Lipman reported that the NJSCPA Ethics Course was given at his firm by Mike Cohen of the New Jersey Society of Certified Public Accountants (NJSCPA). The course was excellent in its preparation, presentation and benefit to the participants. The course began with a quiz and ended with a quiz. Mr. Lipman commented that he felt that more emphasis should be given to the roles of NASBA and the UAA in the development of statutes and regulations by the Board. Distinction between the New Jersey State Board of Accountancy and the New Jersey Society of Certified Public Accountants was made very clear in the lecture.

Mr. Lipman directed that the Board members receive copies of the NASBA's "Most Frequently Asked Questions-Computer Based Examination".

III. Executive Director's Remarks

Jay Church reported that the Advisory Grades of the November 2002 Uniform CPA Examination have been received along with the Examination Review Board (ERB) letter on Preliminary Review of Grading. The letter from Chairman, Charles H. Calhoun, III , CPA, PhD, indicated that after a limited review of the grading results of the November 2002 exam nothing came to the attention of the Review Board that caused them to believe that the Boards of Accountancy may not rely on the accuracy of the grades released on the November 2002 CPA Examination.

On a motion by Robert Cagnassola and seconded by Al Pisano, the Board moved to ratify the grades of the November 2002 Uniform CPA Examination. The vote of the Board was unanimous.

The Executive Director reported that the State of Washington has voted to nominate Diane Rubin, CPA, to the position of Vice Chair of NASBA. The Board accepted the letter as informational

IV. Requests for Reinstatement

The Board reviewed the requests for reinstatement. The Board directed that two letters be prepared and sent to those affected by the provisions of the Uniform Enforcement Act, supplying each with a copy of the applicable law. The matter is to be put back on the agenda for the February Board meeting. One letter is to be sent to each individual whose license has lapsed or is suspended. The second letter is directed to the firm of any suspended licensee pointing out the problems to the firm if a non-licensee is a member of that firm.

V. Requests for Waivers

a. Alan Knies

Alan Knies requested a waiver of eighty (80) continuing education credits of the 120 credit requirement. He has obtained forty (40) through home study courses while living in Germany but could not find seminars for the remaining eighty (80) credits.

On a motion by Gail Ryan, seconded by Al Pisano, the Board voted to require that he forward proof of completion of the forty (40) CPE credits he obtained through home study. The vote of the Board was unanimous.

b. Delano Martins

Delano Martins requested the Board advise him of how he should proceed with the finalizing of the 120 credit hour requirement. He had been undergoing treatment for cancer since September 2001 and has not kept up with his continuing education.

On a motion by Robert Sommer, seconded by Elizabeth Burns, the Board voted to advise Mr. Martins that he should consider filing as "inactive" thereby avoiding the need for any CPE. If he chooses to stay active he must notify the Board of how much he practices, the prognosis of his physician concerning his illness, and indicate the number of CPE credits he has accumulated for this renewal period. The vote of the Board was unanimous.

c. David Del Vecchio

David Del Vecchio requested allow additional time to obtain the required continuing education credits. He was unable to attend seminars due to his having to care for a home bound elderly family member.

On a motion by Andy DuBoff, seconded by Jeanne McPartland, the Board voted to direct that Mr. Del Vecchio obtain the necessary credits and to not hold out as a certified public accountant until his license is re-issued. The Board will advise him that he has the option to go on "inactive " status precluding the need to obtain continuing education credits. The vote of the Board was unanimous.

d. Theodore Johnson

Theodore Johnson requested information on how to proceed in renewing his license for the current period since he had not completed the 120 CPE credits required. He stated he would complete the credits by "the first quarter of 2003".

On a motion by Robert Sommer, seconded by Al Pisano, the Board voted to deny his request and advise him that his license is considered suspended as of January 30, 2003. He is instructed to come back with CPE credits. The vote of the Board is unanimous.

e. Melvin Cohen

Liz Doren, member of the firm of Cohen, Doren, Havaris & Co., LLP, submitted a request of waiver of twenty five (25) credits for Melvin Cohen, Senior Partner of the firm, due to a sudden illness that required a triple bypass surgery. Mr. Cohen is 74 years old and has some complications from the surgery. She sought either a waiver of the remaining credits or defer completion to a future date.

On motion by Robert Sommer, seconded by Bennie Hadnott, the Board voted to waive the remaining 25 continuing education credits. The vote of the Board was unanimous.

f. Amy Wilkowski

Amy Wilkowski, requested that she be allowed to apply eight credits from the 1997-1999 renewal period to the current renewal period in order to show completion of 48 total credits for the current renewal period. She seeks a waiver of the remaining credits due to a fire in her house.

On a motion by Andy DuBoff, seconded by Robert Sommer, the Board denied her request and directed that she obtain the necessary remaining credits as soon as possible. Her license is considered suspended until she completes the credits. The vote of the Board was unanimous.

g. Richard T. Michalowski

Richard T. Michalowski requested a waiver from the continuing education requirements for the current renewal period due to undergoing treatment for post traumatic stress syndrome due to the events of September 11, 2001. He has completed only 40 credits and wants to make up the remaining credits in the current renewal period.

On a motion by Margaret Shoe, seconded by Robert Cagnassola, the Board requested a diagnosis from his treating physician be forwarded to the Board and inform him that his license is considered suspended. The vote of the Board was unanimous.

h. Susan Nolan

Susan Nolan requested a waiver to February 28, 2003 of the CPE requirements for the current renewal period due to being on maternity leave. She has three other children plus the infant and could not devote the time necessary to complete home-study courses.

On a motion by Andy DuBoff, seconded by Robert Sommer, the Board voted to grant the extension to February 28, 2003. Ms. Nolan is to be advised that there are self-studies available that she can take and she is suspended until she completes her CPE requirements. The vote of the Board is unanimous.

i Edwin R. Kowalski

Edwin R. Kowalski requested an extension of time to complete his continuing education requirements due to the illness of his wife who he had to nurse at home. He spent little time in practice. He wants until December to complete the requirements.

On a motion by Andy DuBoff, seconded by Jeanne McPartland, the Board voted to obtain from Mr. Kowalski those credit he has completed. Mr. Kowalski is to be advised that he is suspended until he has completed all the requirements. The vote of the Board was unanimous.

j. David L. Wasser

David L. Wasser requested a waiver from the 120 continuing education requirement of the Board for the renewal period 2003-2005. He further requested that his license be renewed and an extension be granted for a period of six months to obtain his credits.

On a motion by Jeanne McPartland, seconded by Elizabeth Burns, the Board voted to require that he send proof of CPE credit he has obtained and send a copy of his latest PEER Review. His license is considered suspended until the material is received. New York is to be notified of his suspension. The vote of the Board was unanimous.

k. Pierre Salmon

Mr. Salmon is a retired professor from Monmouth University. Due to a serious illness in this family he has not been able to complete the CPE requirement of the Board. He has credit for 57 CPE and partially completed a 15 credit course. He requests the Board either extend the time for attaining the remainder of his credits or "abate" the remaining credits.

On a motion by Andy DuBoff, seconded by Robert Cagnassola, the Board directed that he be informed that he could register "inactive" for this renewal period or if he does not want to, he must get the additional credits needed to fulfill the CPE requirement. The vote of the Board was eleven (11) voting in favor with John Tully abstained.

l. Joel H. Kovitz

Mr. Kovitz requested that his license be renewed under the provisions of the Americans with Disabilities Act. Mr. Kovitz is visually impaired and legally blind. The vote of the Board was unanimous.

On a motion by Andy DuBoff, seconded by Jeanne McPartland, the Board directed that Mr. Kovitz be contacted to determine if he is in public practice and inform him that he must obtain the required CPE and until he does his license is suspended.

m. Joseph Mauriello

Mr. Mauriello has requested that the Board waive the CPE requirements for the current renewal period due to the fact that he was incapacitated after two surgeries in 2002.

On a motion by Andy DuBoff, seconded by Robert Sommer, the Board voted to waive eighty (80) hours of CPE and allow him to obtain the remaining forty (40) hours by June 30,2003. The vote of the Board was eleven voting in favor with Aubrey Kosson recused.

VI. CPAES Report on the November 2002 CPA Examination

The Board has received and reviewed the report from CPAES.

VII. Committee Reports

a. CPA Examination Committee

Gail Ryan had no report for the Board.

b. CPE Committee Report

Robert Sommer reported that the Committee met on January 15, 2003 at the offices of Lipman, Selznick & Witkowski.

The Committee discussed and recommends that the regulations be amended to limit self-study CPE credits to a maximum of 50 % of the required total over a three year period subject to review by the Division of Law.

The Committee recommends that Standard #7 and Commentary for Section 300 of the NASBA/AICPA Standards for continuing education be referred to the Rules and Regulations Committee to bring our regulations into conformity with the NASBA/AICPA Standards.

The Committee recommends that Interactive Study equate to live contact courses in the application of the Board's CPE regulations.

The Committee recommends that the regulations be amended to include Section 300 - Standard #12. Standards for CPE program Measurement. This Standard adopts the concept of one-half CPE credit for each self study credit.

The Committee recommends that measurement for a college course taken for credit be amended to conform to Section 300-Standard # 12, item 32 which states credits for college courses taken:

semester system- 15 credits per college credit

quarter system- 10 credits per college credit

This Standard would then be used in calculating the credits earned by the instructor of a college course.

The Committee recommends that the Board not adopt the exempting of full time faculty from the CPE Requirements.

The requirement of 120 CPE credits per licensing period must apply to all licensees.

The Committee will follow up with the Rules and Regulations Committee on the progress of the amendment to the regulations on inactive status and the requirements for reactivating an inactive license. This issue was discussed by the Committee April of 2002 .

There will be an audit of CPE credits conducted this summer.

c. Ethics Committee Report

Gail Ryan had no report for the Board.

d. RMA Committee Report

Robert Cagnassola reported that the RMA Examination results will be discussed in Executive Session. He did report that five candidates have passed the Exam out of a total of 24 candidates.

e. QE Committee Report

Robert Cagnassola deferred remarks to Dale Nelson, Director of Accounting for the Committee report. Mr. Nelson reported that the Committee has submitted three new names to the Division Director for approval to sit on the Standing Quality Enhancement Committee. The Standing Committee met with one practitioner and were able to resolve outstanding issues the Committee had with that practitioner.

f. Education Committee Report

Aubrey Kosson had no report for the Board.

g. Reciprocity Committee Report

Margaret Shoe had no report for the Board.

h. Nominating Committee Report

Robert Sommer had no report for the Board.

i. Rules and Regulations Committee Report

Andy DuBoff will hold a meeting of the Committee after this meeting to discuss dates for future meetings.

There was discussion on the use of the acronym, "LPA" . N.J.A.C. 13:29 -62 does not express the use of "LPA" by Public Accountants who are licensed with the Board.

j. Professional Liaison Committee Report

Andy DuBoff reported that the SEC has taken action on the provisions of the Sarbanes/Oxley Act by stating that tax advice, tax planning and tax compliance if the client is not an audit client. They have defined the rotation of partners by stating that just the lead and second review partner are affected. They have carved out an exception for smaller firms, as defined by those with ten (10) or fewer partners and five (5) or fewer registrants will be exempted.

The NASBA Board of Directors Meeting in Palms Desert, CA. Was a good meeting. CBT was discussed as well as the Regional meetings. The Northeast regional will be in Louisville Kentucky with half day break out session to discuss different issues relating to the Sarbanes/Oxley Act.

The Administration-Finance Committee reported a very strong year financially for NASBA. New Board Members Scholarship will be kept for the Regional Meetings for the foreseeable future.

A paper is coming out from the Regulatory Structures Committee on the membership breakdown of Boards. There is a Public member majority on the California board with other Board not having a majority of public members on theirs.

NASBA has submitted four comment letters to the SEC on provisions of the Sarbanes/Oxley (SOX) Act. The jist of the letters is to take time before implementing and don't rush to judgement on some of the issues.

k. Planning Committee Report

Jeanne McPartland reported that the committees sharing of legislative issues has been helpful.

VIII. Public Comments

Joseph J. Dailey, President of NJSCPA reported that 100 persons participated in the Atlantic/Cape May Ethics Course.

Ralph Thomas, Executive Director, NJSCPA reported that the Ethics Course will be a part of NJSCPA annual Meeting in San Diego this coming June.

Firm registration for sole practitioners should be discussed as a dual license issue.

A-2684 and A-2683 have moved out of the legislative committee.

A-2683 was amended to read as follows;

9 CPAs

2 Public Members

2 Public Accountants

1 Government Member

1 Additional Public Member or Public Accountant

increasing the Board to 15 members

The SEC will report out enforcement actions June 26. A new chairman has been nominated.

Peer Review of members is ongoing. Hoping to collaborate with NASBA on this issue.

Education Committee will meet February 13, 2003 at Ernst and Young in Edison, N.J.

The Society is continuing the CPA Road Show to both college and high school students. The results have been gratifying.

Richard Van Volkenburgh, Public Accountant reported that the NJAPA has given the Ethics course to sixteen (16) licensees. The numbers will be raised as the year progresses.

On a motion by Robert Cagnassola, seconded by Jeanne McPartland, the Board voted to adjourn the Public Session at 12:50 P.M. and to reconvene after lunch in Executive Session to discuss four (4) Consumer Complaints, four (4) Investigatory Inquiry recommendations, and the scoring method on an examination. The vote of the Board was unanimous.

Respectfully submitted,

Jay J. Church

Executive Director