

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
FEBRUARY 17, 2011
SOMERSET ROOM - 6TH FLOOR**

I Call to Order and Roll Call - 9:50 A.M.

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 Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record, and the Star-Ledger. Board President Donald Jump called the meeting to order at 9:50 a.m. The following roll call was taken:

Keith Balla, CPA	Present
Robert Cagnassola, CPA	Present
John F. Dailey, Jr., CPA	Present
Daniel J. Geltrude, CPA	Present
Albertus Jenkins, Public Member	Present
J. Frank Johnson, Public Accountant	Excused
Donald Jump, CPA	Present
Paul J. Lerch, CPA	Present
Michael S. Taxin, Public Accountant	Present
Peter Torok, Public Member	Excused
Steven Weinstein, CPA	Present

Also present at the meeting were William Mandeville, Executive Director; Tobey Palan, Deputy Attorney General; Melba Rodriguez, Secretarial Assistant; Marie Lisa, Staff; Ralph Albert Thomas, Executive Director NJSCPA; Mike Polito, Past President, NJSCPA and David Plaskow, Editor, NJSCPA Magazine.

II Minutes of the Meeting of January 20, 2011

On a motion made by Robert Cagnassola, seconded by Albertus Jenkins, the Board voted to approve the January 20, 2011 Public Session as submitted. The vote of the Board was unanimous.

III President's Remarks

Board President Jump had no report for the Board.

IV Executive Director's Remarks

Executive Director Mandeville had no report for the Board.

V Uniform Penalty Letter in Lieu of Formal Complaint for CPE Audit

Executive Director Mandeville reviewed the following licensees who received UPLs as a result of the ongoing CPE audits for the triennial period ended December 31, 2008 for noncompliance with CPE regulations:

A John Tirpak

Mr. Tirpak requested reconsideration of the UPL he received.

On a motion made by Keith Balla, seconded by Robert Cagnassola, the Board voted to uphold the terms of the original UPL. The vote of the Board was unanimous.

B Paula J. Licht

Ms. Licht requested to voluntary surrender her CPA license.

C Robert J. Melzer

Mr. Melzer requested to voluntary surrender his CPA license.

D Annette s. Young

Ms. Young requested to voluntary surrender her CPA license.

E Clinton Hayes, Jr.

Mr. Hayes requested to voluntary surrender his CPA license.

F Thomas A. Cook

Mr. Cook requested to voluntary surrender his CPA license.

G Frederic E. Shafman

Mr. Shafman requested to voluntary surrender his CPA license.

H Stylianos D. Hailos

Mr. Hailos has paid the fine imposed to him and has agreed to complete 120 CPE credits.

I Robert N. Seidman

Mr. Seidman requested to voluntary surrender his CPA license.

J Alka Amin

Ms. Amin requested a reduction of the fine imposed.

On a motion made by Keith Balla, seconded by Michael Taxin, the Board voted to uphold the terms of the original UPL. The vote of the Board was unanimous.

K Thomas A. Ruddy

Mr. Ruddy requested a reduction of the fine imposed.

On a motion made by Keith Balls, seconded by Robert Cagnassola, the Board voted to uphold the terms of the original UPL. The vote of the Board was unanimous.

M Aaron Harmon

Mr. Harmon requested to voluntary surrender his CPA license.

N Richard W. Pasciuto

Mr. Pasciuto requested to voluntary surrender his CPA license.

O Margielyn Donlon

Ms. Donlon requested to voluntarily surrender her CPA license.

On a motion made by Michael Taxin, seconded by Paul Lerch, the Board voted to accept, unless otherwise noted (items A, J and K), the requests of the above referenced individuals. The vote of the Board was unanimous.

VI Proposed Sunset Rules

President Jump recognized Maryann Sheehan, Regulatory Analyst, who joined the meeting at this point, to discuss the status of Board Regulations that are under revision.

Regulatory Analyst Sheehan reported to the Board that one comment was received during the comment period relative to the Sunset Rules which were published in the New Jersey Register on November 15, 2010. The comment period ended on January 15, 2011. Analyst Sheehan informed the Board that the rules must be adopted by April 25, 2011.

On a motion made by John Dailey, seconded by Robert Cagnassola, the Board voted to review a comment submitted by Andrew DuBoff, former chair of the Rules and Regulations Committee, subsequent to the close of the comment period. The vote of the Board was unanimous.

On a motion made by John Dailey, seconded by Steve Weinstein, the Board voted to adopt the Sunset Rules without any changes. The vote of the Board was unanimous.

V Uniform Uniform Penalty Letter in Lieu of Formal Complaint for CPE Audit – (Continued)

Executive Director Mandeville resumed his report on licensees who received UPLs as a result of the CPE audits. These are in addition to the UPLs previously reviewed;

A Anthony Angelosante

Mr. Angelosante requested to pay the UPL and place his license in inactive status.

B Charles Reese Blades

Mr. Blades requested to pay the UPL and make up deficient credits.

C Richard Di Palma

Mr. Di Palma requested to pay the UPL and make up deficient credits.

D Eugene L. Ferrara

Mr. Ferrara requested to pay the UPL and place his license in inactive status.

E Michael A. Genovese

Mr. Genoves is a CPA and an attorney. He had taken CPE but not the Law and Ethics. He is not claiming any financial hardship. He is requesting a waiver of the UPL.

On a motion made by Keith Balla, seconded by John Dailey, the Board voted to uphold the UPL issued to Mr. Genovese. The vote of the Board was eight voting in favor with Steven Weinstein opposing.

F Gerald J. Goldenfarb

Mr. Goldenfarb requested voluntary surrender his CPA license.

G Fernando M. Gonzaga

Mr. Gonzaga requested a waiver reduction of the fine.

On a motion made by Daniel Geltrude, seconded by Albertus Jenkins, the Board voted to uphold the UPL imposed on Mr. Gonzaga. The vote of the Board was unanimous.

H Stewart A. Hacker

Mr. Hacker requested to place his CPA license in inactive status and pay the UPL.

I Brian W. Hanse

Mr. Hanse requested to pay the UPL and make up deficient credits.

J Sanford Kaston

Mr. Kaston requested to voluntarily surrender his CPA license.

K Anthony A. La Polla

On a motion made by Robert Cagnassola, seconded by Steven Weinstein, the Board voted to table this matter and place it on the March 17, 2011 Board agenda for review.

L Marjorie L. Rand

On a motion made by Robert Cagnassola, seconded by Steven Weinstein, the Board voted to table this matter and place it on the March 17, 2011 Board agenda for review.

M Oleg Vinitkiy

Mr. Vinitkiy requested to voluntarily surrender his CPA license.

N Gary J. Yost

Mr. Yost requested to pay the UPL and make up deficient credits.

On a motion made by John Dailey, seconded by Albertus Jenkins, the Board voted to accept, unless otherwise noted (items E, G, K and L), the requests of the above referenced individuals. The vote of the Board was unanimous.

VII Reinstatement of PA License

A Calvin V. Hayes

The Board had previously reviewed this matter and informed Mr. Hayes, who has a PA license that has been suspended for a period of over 5 years, that he must complete 343 CPE credits by December 2010, in order to reinstate his license. Mr. Hayes is requesting a waiver of CPE credits.

On a motion made by John Dailey, seconded by Robert Cagnassola, the Board voted to inform Mr. Hayes that it has denied his request for a waiver of CPE credits and that he must comply with the Board's original request. He is also to be informed that he may not hold himself out as a PA until he has complied.

Failure to do so may warrant disciplinary action by the Board for unlicensed practice. The vote of the Board was unanimous.

VIII CPA Examination Testing Sites

Correspondence was received from Patricia Hartman, Director NASBA National Candidate Database & CPAES Examination Operations wherein she is requesting that the Board members report on any test centers visitations that may have been conducted in 2010.

The Chair directed that Executive Director Mandeville respond to Ms. Hartman and inform her that the Board has not conducted any test center visits during 2010.

IX Committee Reports

A CPA Examination Committee

Steven Weinstein had no report for the Board.

B Ethics Committee

Keith Balla informed the Board that the Committee has reviewed a NJ Law and Ethics course submitted by the NJ State Auditor.

On a motion made by Keith Balla, seconded by Steven Weinstein, the Board voted to approve the live NJ Law and Ethics course submitted by the NJ State Auditor. The vote of the Board was eight voting in favor with John Dailey recusing himself.

Mr. Balla informed the Board that the NJSCPA has made changes to their program as a result of the new Peer Review regulations.

On a motion made by Keith Balla, seconded by Paul Lerch, the Board voted to approve the changes to their program. The vote of the Board was eight voting in favor with John Dailey recusing himself.

The Board requested that a letter be sent to other NJ Law and Ethics providers requesting them to amend their courses and resubmit them to the Board.

C CPE Committee

Keith Balla reported to the Board that a CPE meeting was held last month and various courses and articles were approved. The Committee is almost up to date with its work.

D RMA Committee

Executive Director Mandeville reported to the Board that one individual requested to review the exam and subsequently that individual reviewed the exam for approximately an hour and a half.

E Peer Review Program Committee

Robert Cagnassola reported that a communication to firms regarding Peer Review has been drafted. This communication will assist firms during the current implementation period to be in compliance with the Board's regulations. This information will be reviewed in Executive Session.

F Education Committee

Albertus Jenkins had no report for the Board.

G Reciprocity Committee

Paul Lerch had no report for the Board.

H Nominating Committee

Robert Cagnassola stated that a meeting will be held at the end of the Board meeting to discuss officers for the next fiscal year.

I Statute/Rules/Regulations Committee

John Dailey had no report for the Board.

J Planning Committee

Albertus Jenkins had no report for the Board.

K Monitoring Profession Committee

John Dailey had no report for the Board. Mr. Dailey stated that a report will be given in Executive Session relative to the ongoing CPE audits.

X Public Comments

Ralph Thomas, Executive Director, NJSCPA reported on the following activities of the Society:

Important Society Dates

- The Society's annual Women's Financial Literacy Conference "**Do It Herself - A Journey to Financial Freedom**" was held at Caldwell College and featured Julie Bond Genovese was a resounding success. Over 150 individuals attended the conference and engaged with Society members Society in discussions regarding debt management, budgeting and investing just to name a few.
- On February 1st and 4th the Society hosted meetings with the NJ managing partners from the top 75 firms below the Big Four. Over 35 firms attended the meetings and shared their concerns regarding the profession. The three top concerns, were staff resources/availability, commoditization of attest services and increased risk bought on by competitive bidding processes.
- April 28, 2011- 51st Annual NJSCPA Scholarship Ceremony
- June 8-10, 2011- Society's 6th Annual New Jersey Convention and Expo will be held at the Taj Mahal in Atlantic City
- The NJSCPA Professional Development Conference will be held on November 9th- 12th in San Antonio, TX.

Society Activities and Engagements on the Legislative and Regulatory Front

The Society is monitoring the following legislation and regulatory activities in Trenton and Washington, DC:

- S 672 and A 2396, Tax Preparers Licensing Act- Assemblyman Vince Prieto was ready to post A 2396 to be heard by the Assembly Regulated Professions committee which he chairs. The Society intervened and asked the Assemblyman to not post, but continue to hold the bill until the IRS

initiative has played out. On this issue nationally, IRS issued guidance on December 30, 2010 which indicated that non signing tax preparers who worked under the auspices of a CPA and /or worked in a CPA would not be subject to taking an exam or CPE.

- While things have been relatively quiet regarding mandatory audit firm rotation, the Society has learned that senior members of the administration still believe it is a best practice that should be initiated on State audits. We expect that this initiative will surface next year post the Governor's budget address. We are still hearing that firms who are incumbent auditors for more than 10 years are being allowed to bid on and win audit engagements UEZ legislation that the Society has been tracking was passed by both the Senate (with amendments supported by the Society) and the Assembly and is awaiting signature by the Governor Christie.
- Reminder that Congress acted on and passed legislation clarifying the definition of creditor as defined in the FTC's Red Flag Rules such that it does not include CPAs, lawyers, doctors, etc. Consequently, CPAs will not have to establish or maintain a process to detect identity theft. Needless to say, this is a win, and good news for the CPA profession.
- The Society is monitoring the State budget process to identify proposals or legislation that may not be business friendly. To assist us in this process are Society members who have been appointed to the Division of Taxation Director's Tax Advisory Council (Jim Bartek, Chair of the Society's State Tax Interest Group) and the Red Tape Task Force (Brain Levine, Mayor of Franklin Township).
- The Society held a special call meeting of its Board to craft a resolution in support of the Blue Ribbon Panel's recommendations regarding. This resolution will be forwarded to the Financial Accounting Foundation once they open a comment period.

Additional Comments/Questions

- Mr. Thomas asked the Board to clarify which rule licensees had to follow if they were using self study courses to make up a CPE shortfall. Would it be the 2 for 1 rule that was in effect during the triennial reporting period under audit or the current 1 for 1 rule with a maximum of 60 self study hours.
- Mr. Thomas urged the members of the Board to reconsider their posture regarding fines to licenses that had a short fall that was the result of not understanding the 2 for 1 self study rule that was in effect during the reporting under audit/review.

Mike Polito, Past President NJSCPA, expressed concern that, while CPAs must retake the CPA exam if their license has been suspended for nonrenewal for

more than 5 years, PAs trying to reinstate their PA license after five years do not have to take an exam and are merely required to take CPE. Mr. Polito also expressed that he feels strongly that licensees who are not in compliance with the CPE regulations as a result of self study deficiencies should be fined similarly to others not in compliance.

On a motion made by Michael Taxin, seconded by Steven Weinstein, the Board voted to adjourn the Public Session meeting at 11:55 A.M. to reconvene in Executive Session to discuss one matter of New Business, two matters of Old Business, seven PCAOB reports, one Request for Reinstatement of a CPA license and two Consumer Complaints. The vote of the Board was unanimous.

Respectfully submitted,

William Mandeville
Executive Director