

# NEW JERSEY STATE BOARD OF ACCOUNTANCY

## Public Session Minutes March 20, 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 States Office, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record and the Star-Ledger. Herb Lipman, the President of the Board, called the meeting to order 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
Al Pisano, Public Member	Present
Gail Ryan, CPA	Present
Margaret Shoe, Public Accountant	Present
Robert Sommer, Public Accountant	Present
John Tully, CPA, Government Member	Present

Also present at the meeting were Jay J. Church, Executive Director; Marianne Greenwald, Deputy Attorney General; Melba Perez, Assistant to the Executive Director; Ralph Thomas, Executive Director, NJSCPA; John F. Dailey, President, NJSCPA; James B. Evans, CPA, President-Elect NJSCPA; and students from the Accounting Department, Felician College, Rutherford, New Jersey.

---

### I. Minutes of the Meeting of February 20, 2003

The Board reviewed the minutes of the meeting of February 20, 2003 and on a motion by Robert Sommer seconded by Margaret Shoe, the Board voted to accept the minutes as corrected. The vote of the Board was nine in favor with John Tully and Elizabeth Burns abstaining.

### II. President's Remarks

Herb Lipman, President, informed the Board that Jeanne McPartland had submitted her letter of resignation from the Board. Jeanne has relocated to Florida. The President requested that she be invited to the May Certificate Awards Ceremony since she indicated that she would be in the State at that time.

NASBA has made available a "site list" for all Prometric testing Centers throughout the United States and its territories. It was suggested that the new Board members make arrangements to visit

one of the test centers in New Jersey prior to the launch date.

The President stated that NASBA's Regulatory Structure Committee has developed legislative guidelines to states that are considering state board composition. The subject will be discussed at the 2003 Regional meetings in June. In some states legislatures have introduced measures to increase the number of members on the State Boards by increasing the number of public members appointed. California is one such state. Andy DuBoff, Director-at-Large for NASBA commented that he agreed with the guidelines, every state should get one more public member but that the majority of the board should remain professional.

The President announced that Michael Weatherwax has been selected by the NASBA Nominating Committee to be vice-Chair of NASBA for the 2003-2004 year.

NASBA is soliciting for members for the various committees of NASBA. If anyone is interested, the forms may be obtained from the Executive Director.

### **III. Executive Director's Remarks**

Jay Church advised the Board that the May 2003 Certificate Ceremony would be held at the Hilton Woodbridge in Iselin, New Jersey.

### **IV Legislation Review**

The Division submitted A-3383 to the Board for their review and comment. A-3383 is a bill sponsored by Assemblyman Francis J. Blee and Assemblywoman Mary T. Previte and introduced February 27, 2003. The bill would provide that information about residence of persons licensed by certain professional boards shall not be disclosed to the public.

On a motion by Andy DuBoff, seconded by Robert Sommer, the Board voted to support the passage of this bill. The vote of the Board was unanimous.

On review by the Board they stated in their comments that professionals should not have their residential addresses listed on the Internet or given out by professional boards to the public. A place should be made on all initial applications and renewal applications for an "Official Address of Record". That address should be listed on both the Internet and for public dissemination.

### **V. Request for a Waiver of Board Regulations**

Michelle Blunda submitted a letter requesting that the Board waive their rule on conditioning of grades in order for her to complete the Uniform CPA Examination. Ms. Blunda began taking the exam in 1994 but did not "condition scores" until 1997. From 1994 she attended every year except for the exam of November 1998 and November 1999. Since November 1997 she took the exam six times. Her last exam was November 2002, where she passed only one section and now needs additional time to complete the FARE section of the exam.

On a motion by Andy DuBoff, seconded by Robert Cagnassola, the Board voted unanimously to deny her request.

### **VI Requests for Educational Requirement Waivers- Endorsement of Out of State Licensees**

a Francis J. Donnelly - Transfer of License from Pennsylvania

**Francis J. Donnelly requested the transfer of his license from Pennsylvania to the State of New Jersey. Upon review of his academic credentials it was determined that he lacked three of the six semester hours in business law as required by our regulations. He sought a waiver of three credits.**

**On a motion by Elizabeth Burns, seconded by Bennie Hadnott, the Board voted to grant the waiver of the three credits in business law and to endorse his license from Pennsylvania to New Jersey. The vote of the Board was unanimous.**

**b Richard P. Shanley - Transfer of License from New York**

**Richard P. Shanley requested the transfer of his license from New York to the State of New Jersey. Upon review of his academic background it was discovered that he lacked three of the six credits required by the Board in finance. He sought a waiver of the three credits.**

**On a motion by Andy DuBoff, seconded by Al Pisano, the Board voted to grant the waiver of three credits in finance and to endorse his license from New York to the State of New Jersey. The vote of the Board was unanimous.**

**c Stephen M. Howard - Transfer of License from Pennsylvania**

**Stephen M. Howard requested the transfer of his license from Pennsylvania to New Jersey. Upon review of his academic background it was discovered that he lacked three of the six semester hours required in finance. He sought a waiver of those three credits.**

**On motion by Al Pisano, seconded by Robert Cagnassola, the Board voted to grant the waiver of three credits in finance and to endorse his license from the State of Pennsylvania. The vote of the Board was unanimous.**

**d Philip J. Franchois - Transfer of License from Pennsylvania**

**Philip J. Franchois requested the transfer of his license from Pennsylvania to New Jersey. Upon review of his academic background it was discovered that he lacked six semester hours in finance and eighteen semester hours of business electives contrary to the requirements of the Board.**

**On a motion by Andy DuBoff, seconded by Al Pisano, the Board voted to waive the requirements based on his 34 years of experience as a certified public accountant in Pennsylvania. The vote of the Board was unanimous.**

**e Douglas B. Hodgeman-Transfer of License from Florida**

**Douglas B. Hodgeman requested the transfer of his license from the State of Florida to New Jersey. Upon review of his academic background it was discovered that he lacked three credits of the six required for business law.**

**On a motion by Al Pisano, seconded by Robert Cagnassola, the Board voted to waive the requirement based on his more than thirty years of experience as a certified public accountant. The vote of the Board was unanimous.**

## **VII Request for Reinstatement**

**James C. Demestichas, License # CC05429 requested the reinstatement of his license that was revoked by the Board on a Final Decision and Order filed April 27,1982.**

**On a motion by John Tully, seconded by Elizabeth Burns, the Board voted to require Mr. Demestichas to appear before an Investigation Committee of the Board. The vote of the Board was**

unanimous.

## **VIII. Request for Waiver of CPE Requirements**

David L. Wasser, CPA requested an extension of six (6) months in order to complete the Board's CPE requirement for the current renewal period 2003-2005. This matter was originally reviewed by the Board at its meeting in January 2003 and at that time it was requested that Mr. Wasser supply the Board with evidence of the CPE credits he had completed to date.

Mr. Wasser supplied the Board with an article that he wrote for the November, 1999 issue of the Rockland County Bar Association Newsletter as Chair of its Tax and Legislative Committee, regarding significant Estate and Gift Tax Practice matter to commence in the year 2002; however, no credit for continuing education credits was applied according to Mr. Wasser.

He also enclosed a listing of courses he claimed he took totaling 104 credits plus a letter from the PEER Review Program of the AICPA indicating that he had successfully completed his PEER Review.

On a motion by Andy DuBoff and seconded by Gail Ryan, the Board requested that he supply the Board office with more factual data concerning his completion of the credits such as certificates of completion from each seminar or courses taken. Upon receipt the Board will reconsider the matter. The vote of the Board was unanimous.

## **IX Lior Segal**

Lior Segal requested that the Board grant her permission to sit for the Uniform CPA Examination, May 2003, even though she will not receive her degree within the sixty (60) days allowed from the last date of the examination. She will receive her degree August 31, 2003 which is more then 60 days from the last day of the exam May 8, 2003.

On a motion by Andy DuBoff, seconded by Robert Sommer, the Board voted to allow her to sit for the May 2003 Examination as a 150 credit hour candidate.

## **X. Joseph D. Busic**

Joseph Busic requested that the Board waive their requirement that a candidate must have an average of 50% on parts failed in order to condition the parts passed. Mr. Busic passed Audit with 79%, LPR with 80% and ARE with 80%. He failed FARE with a score of 43%. Mr. Busic requests that he be given credit for the parts passed and be allowed to retake just the FARE section of the Uniform CPA Examination.

On a motion by Robert Cagnassola, seconded by John Tully, the Board voted to waive their rule on averaging and allow Mr. Busic to get credit for the three parts passed and retake only the part failed. The vote of the Board was unanimous.

## **XI Committee Reports**

### **i. CPA Examination Committee Report**

Gail Ryan had no report for the Board.

### **ii. Ethics Committee Report**

**Gail Ryan had no report for the Board but stated that the committee is monitoring whether sponsors are adhering to the outline for ethics courses as the Board developed.**

**iii. CPE Committee Report**

**Robert Sommer had no report for the Board.**

**iv. RMA Committee Report**

**Robert Cagnassola had no report for the Board. The Committee will be meeting today after the board meeting.**

**v. QE Committee Report**

**Robert Cagnassola reported that Dale Nelson, Director of Accounting is currently finishing the review of the financial statements that were submitted this past summer. He should have them completed within the next month.**

**There are several submissions that were graded "modified" or "adverse" that have to be reviewed by the Standing Committee. There will be about 45 of these financial statements to be reviewed by the Committee at its next meeting.**

**Dale Nelson reviewed a report on financial statements for Harvin Freedman, CPA as directed by the Consent Order filed April 20, 2002. This was a special purpose compilation report. Some recommendations were made and reviewed by the Standing Committee**

**The Committee will be looking to add reviewers for the next cycle. Applications for reviewers are now on the State Board@s web site. Part of the quality review this coming year will include an audit of the practitioners continuing education credits completed during the last triennial period.**

**vi. Education Committee Report**

**Aubrey Kosson had no report for the Board.**

**vii. Reciprocity Committee Report**

**Margaret Shoe reported that she has received responses from various Boards concerning their regulations. The purpose of the request by the Committee is to review the responses and determine what states can be reciprocated with that are not now reciprocated with. New Jersey reciprocates with 36 of the 54 jurisdictions. A meeting of the committee will be called via conference call.**

**viii. Rules/Regulations Committee Report**

**Andy DuBoff reported that the Committee met on March 11, 2003, and continued to make progress on amendments to the regulations concerning application for the examination, requirements of candidates for the examination, that are needed to accommodate the upcoming CBT that is scheduled for April 2004.**

**The Committee has discussed the inclusion of a "cheating regulation" in the revised edition. The Committee is discussing and will have feed back prior to the April Board meeting.**

**ix. Professional Liaison Committee Report**

**Andy DuBoff had no report for the Board.**

**x. Planning Committee Report**

**Robert Sommer had no report for the Board.**

#### **xi. Nominating Committee Report**

**Robert Sommer reported that the Committee had met and offers in nomination the following names as officers for the Board of Accountancy for the 2003-2004 period:**

**President Herb Lipman, CPA**

**Vice President Andy DuBoff, CPA**

**Secretary Elizabeth Burns, CPA**

**Treasurer John Tully, CPA, Government Member**

**The Board accepted the nominations as presented.**

**The Board discussed the problems that have ensued with the most recent renewal. One problem has been the dates listed on the license that indicate the starting period and the ending period of the renewal. If the licensee paid for the license after the renewal date, the license reflects the date he paid not the beginning date of the renewal period. For instance if a licensee paid on January 15, 2003, the beginning date would be January 15, 2003-December 31, 2005.**

**On a motion by John Tully, seconded by Robert Cagnassola, the Board voted to recommend that on all future renewed licenses, the beginning date be eliminated from the license. The vote of the Board was unanimous.**

## **XII. Public Comments**

**Ralph Thomas, Executive Director, NJSCPA, reported that A-2683, the bill introduced by Assemblyman Neil Cohen, that would increase the number of board members has come out of committee in the Assembly but no companion bill has been introduced in the Senate. There has been no other activity on this bill.**

**The proposed bill to obtain a surcharge on all accountants to supplement the malpractice of physicians, has been amended removing accountants from those licensees that are to be surcharged.**

**On April 3, 2003, the Society will hold their Scholarship Awards Ceremony at the Woodbridge Sheraton Hotel beginning at 6:00 P.M.**

**On May 2, 2003 there will be a Educators Meeting at the offices of Grant Thornton, Edison, NJ.**

**Leadership Day meeting will have on the agenda the "Cascading Effect of Sarbanes/Oxley Act". Vernon Hill, Commerce Bank, will speak.**

**May 28-29, 2003 are the dates for the Society's Business and Technology show.**

**July 31-August 1, 2003 the Society will hold their Scholar Institute at Monmouth University. Specific information on the events will be sent to the Board.**

**The Ethics Course has been successful but some licensees from out of state are asking how they can fulfill the requirement since they are unable to attend live presentations. Ralph Thomas suggested that the courses be offered on the Internet as an interactive lecture. The Board had no problem with that suggestion as long as the course is interactive.**

**Jack Dailey, President of the NJSCPA's informed the Board that new independence rules have been introduced by the General Accounting Office (GAO). Once received, the rules will be referred to the RMA Committee for discussion. Mr. Dailey expressed his concerns about the November 1st deadline for audits.**

**On a motion by Robert Cagnassola, seconded by Bennie Hadnott, the Board voted to adjourn the Public Session at 11:25 A.M. in order to reconvene in Executive Session to discuss one (1) report from the Department of Education, one(1) Enforcement Bureau Report to the Board three (3) recommendations from the Investigatory Inquiry Committee and four (4) consumer complaints.**

**Respectfully submitted,**

**Jay J. Church  
Executive Director**