

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
JULY 19, 2012
HUDSON ROOM - 6TH FLOOR**

I Call to Order and Roll Call - 9:30 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 Keith Balla called the meeting to order at 9:40 a.m. The following roll call was taken:

Keith Balla, CPA	Excused
Jorge A. Caballero	Excused
John F. Dailey, Jr., CPA	Excused
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Present
Hal Model, CPA	Present
Ainsley A. Reynolds, CPA	Present
Michael H. Runge, CPA	Present

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

II Minutes of the Meeting of June 21, 2012

On a motion made by Daniel Geltrude, seconded by Sara DeSmith, the Board voted to approve the June 21, 2012 Public Session minutes with corrections. The vote of the Board was unanimous.

III President's Remarks

Board President Balla thanked all the Board members for moving forward with their Committees.

IV Executive Director's Remarks

Executive Director Mandeville had no report for the Board.

V New Business

A NASBA - CPA Exam Performance: All Jurisdictions 2012 Q-2

The Chair directed that the correspondence received be accepted as informational.

B Daniel Snider, CPE Compliance Specialist, Checkpoint Learning

Correspondence was received from Daniel Snider, CPE Compliance Specialist from Checkpoint Learning wherein he questions whether or not a firm registration renewal for question was worded correctly.

The Chair directed that Mr. Snider be informed that this matter is currently under review.

VI Consent Order Filed

A Larry Lee Crawford

The Chair directed that the correspondence received be accepted as informational.

VII Uniform Penalty Letter in Lieu of Formal Complaint for Failure to Complete CPE

- A Stephen C. Breese, Jr. - \$1,000.00
- B David S. Tucker - \$2,500.00
- C Martin P. Hacker - \$4,000.00
- D Jerald H. Levitt - \$4,000.00
- E Jody L. Ryder - \$8,000.00
- F Kathleen F. Thomson - \$8,000.00

On a motion made by John Dailey, seconded by Jorge Caballero, the Board voted to approve the mailing of the UPL in the amounts specified to the individuals listed. The vote of the Board was unanimous.

VIII UNIFORM PENALTY LETTER IN LIEU OF FORMAL COMPLAINT FOR CPE AUDIT - RENEWAL PERIOD 01/01/08 thru 12/31/11

A RESCINDED

- 1 Annrose Isaac

On a motion made by John Dailey, seconded by Daniel Geltrude, the Board voted to rescind the UPL issued to Ms. Isaac. The vote of the Board was unanimous.

B REQUESTED VOLUNTARY SURRENDER

- 1 Leon A. Guzman

On a motion made by John Dailey, seconded by Harold Model, the Board voted to approve the Voluntary Surrender of Mr. Guzman's CPA license. The vote of the Board was unanimous.

C REQUESTED BOARD TO CONSIDER EXPLANATION

1 Scott J. Gehsmann

Sara DeSmith recused herself from this matter.

On a motion made by John Dailey, seconded by Jorge Caballero, the Board voted to rescind the UPL. The vote of the Board was unanimous.

2 Annmarie Sornson

On a motion made by Daniel Geltrude, seconded by Ainsley Reynolds, the Board voted to reduce the UPL to \$1,000.00 and allow Ms. Sornson to place her CPA license in inactive-paid status. The vote of the Board was unanimous.

3 Oscar S. Anota

On a motion made by John Dailey, seconded by Jorge Caballero, the Board voted to inform Mr. Anota to reduce the UPL to \$4,000.00 and allow Mr. Anota to place his license in inactive status. The vote of the Board was unanimous.

4 Leon Fink

On a motion made by John Dailey, seconded by Ainsley Reynolds, the Board voted to inform Mr. Fink that he make up the CPE credits and pay the reduced UPL in the amount of \$5,000.00 or surrender his CPA license. The vote of the Board was unanimous.

5 Katherine Berry

On a motion made by John Dailey, seconded by Ainsley Reynolds, the Board voted to rescind the UPL. The vote of the Board was unanimous.

IX Committee Reports

A CPA Examination Committee

Harold Model informed the Board that he would like to visit the examination centers in the future. Mr. Model requested that a list of the examination locations be forwarded to him.

Mr. Model also informed the Board that he would be interested in New Jersey

Colleges graduations and see passing grades.

B Ethics Committee

Daniel Geltrude informed the Board that two packages were received for approval of a webcast NJ Law & Ethics course from CPE Center for Education and Financial Focus.

On a motion made by Daniel Geltrude, seconded by Jorge Caballero, the Board voted to approve the webcast for the CPE Center for Education. Financial Focus was not approved and additional information was requested for additional review. The vote of the Board was seven voting in favor with John Dailey recused.

C CPE Committee

Sara DeSmith provided the following report:

The CPE Committee met via teleconference to discuss the following issues:

1. Changes to NASBA regulations vs NJSBA's CPE regulations, including but not limited to the new self-study calculation.

This matter is still under consideration.

2(a). What qualifies as a professional organization for exempt sponsor status (see N.J.A.C. 13:29-6.6A)? For example, would the NJ Association of Professional Mediators qualify for the exemption or must it be an organization related to the practice of accounting?

The CPE Committee believes that only professional organizations that are founded and based on the practice of public accounting and/or financial reporting should be eligible for exempt status. Examples would include the NJ Society of CPAs (NJSCPA), Financial Executives International (FEI), National Association of Black Accountants (NABA), or RMA Association. In the above example, the NJ Association of Professional Mediators would not qualify for the exemption and would need to submit the normal application to become a CPE sponsor. Neither would Bar Associations qualify for the exemption.

2(b). Also, where the regulation exempts accredited universities & colleges, does that include colleges in other countries that may not be "accredited"?

Non-accredited universities and colleges, whether located in the US or a foreign country, would also not qualify for the exemption.

3. Should college professors receive credit for teaching college courses?

The CPE Committee's view is that college professors whose full-time job is teaching accounting/auditing classes are not eligible for CPE credits under N.J.A.C. 13:29-6.5(c)1iv. The basis for this view being that CPAs do not "earn" CPE credits for doing their normal job duties as they are not learning new skills or technical information by teaching a recurring curricula of courses. The basis for granting additional CPE credits to lecturers/instructors is that they typically incur incremental preparation time to learn the specific subject matter prior to conducting the course.

Nevertheless, if a full-time college professor teaches a seminar, he or she would be eligible to receive credit for such teaching activity. However, a licensee who teaches with an adjunct status or on a part-time basis, would only be eligible to receive credit if they have full-time employment outside of teaching. The label would not exempt them from the regulation.

4. College courses taken online are not considered self-study. However, can credits obtained in this manner be used to fulfill the didactic requirement?

Online college courses would qualify as didactic in the same way that college courses taught in the traditional classroom setting are.

5. If a licensee reactivates their license by obtaining 120 credits in year 1 of the triennial period, must they comply with the regulation that requires 20 credits each year?

Yes. In the above example, the 120 credits obtained in year 1 would reactivate the license and satisfy the requirement for 20 credits in year 1, but the licensee would still need to complete at least 20 credits in years 2 and 3, for a total of 160 credits in the triennial period.

D RMA Committee

John Dailey informed the Board that the RMA Committee would have a meeting soon.

E Peer Review Oversight Committee

John Dailey informed the Board that he would be speaking with Ms. Richardson, Board staff regarding the information received.

F Education Committee

No report was given.

G Reciprocity Committee

Ainsley Reynolds had no report for the Board.

H Nominating Committee

Albertus Jenkins had no report for the Board.

I Statute/Rules/Regulations Committee

John Dailey reported to the Board that there will be a meeting scheduled soon.

J Planning Committee

No report was given.

K Monitoring Profession Committee

John Dailey informed the Board that letters will continue to be sent out to individuals that answered “no” to questions 2 and 3.

X Public Comments

Executive Director Mandeville informed the Board that Albertus Jenkins submitted a letter of resignation from the Board. Mr. Jenkins has retired and moved to Florida. Mr. Jenkins provided a great services to the Board as a Public Member and he will be missed. The Board wished him well in his retirement.

Thomas F. Roche, III, CPA, NJSCPA, President reported on important Society dates:

October 3, 2012- NJSCPA Career Night at the Pines Manor Edison, NJ, 5pm-8:30pm

October 17 & 18, 2012- NJSCPA Major Firm Managing Partner Retreat at Crystal Springs Resort

November 7-11, 2012- NJSCPA Professional Development Conference, Captiva, FL

December 7, 2012 - NJSCPA Board Meeting and Holiday Luncheon at NJSCPA headquarters in Roseland, NJ. Board meeting 9:00am-12:30pm. Holiday luncheon immediately following the end of the Board meeting.

December 11th- NJBIA Public Policy Forum, at which the Society is a sponsor, and participant on the Economic Outlook Panel.

Society Executive Director Ralph Albert Thomas expressed his regrets for missing today's State Board of Accountancy meeting. He is currently attending a best practices meeting of State Society staff in St. Louis.

Society Activities and Engagements on the Legislative and Regulatory Front

The Society continues to monitor activity regarding A-1545 and S-3141, which propose changes to Title 45 of the New Jersey statutes that address license reciprocity and reinstatement of suspended licenses. Since the June State Board of Accountancy meeting, State Senator Steve Oroho from Sparta recently reintroduced the Senate version (S-3141) of this reciprocity legislation. We hope these bills, which have bipartisan support on both sides of the aisle in Trenton, will move in the fall legislative session. The amendments proposed by the Society to the Assembly bill were positively received and incorporated in the latest version of A-1545.

Updates regarding the following legislative and regulatory activities in Trenton and Washington, DC were provided:

New Jersey State Budget- The State's budget was passed and signed by Governor Christie after approximately \$300 million of line item expense cuts/vetoes. Discussions continue regarding the Governor's proposed across the board 10% cut in personal income taxes because of concerns by Democratic leaders regarding a shortfall in State revenue collections.

Appeal Bond Cap Legislation which the Society supports, continues to be stalled on the Senate side. During the remainder of the summer the Society will be working with members of the Appeal Bond Cap coalition to strategize next steps

to get this legislation moving in the fall session of the legislature.

As noted at the June Board meeting, H.R. 1864, the Mobile Workforce bill was passed in the House. The Society has reached out to Senator Menendez to solicit his support to introduce a companion bill in the Senate.

Within the next week, the Society will be reaching out to members of the NJ Congressional delegation to ask them to sign on as co-sponsors of the due dates bills in both the House and the Senate, H.R 2382 and S. 845, respectively.

Additional Comments/Questions

Attendance at Society's CPE programming continues to strong during the summer months. Our peer review staff continues to be heavily engaged providing guidance to firms regarding Board's Peer Review rules and regulations. Within the past year over 100 new firms have joined the Society's peer review program, which administers under the auspices of the AICPA.

On a motion made by Jorge Caballero, seconded by Harold Model, the Board voted to adjourn the Public Session meeting at 10:55 A.M. to reconvene in Executive Session to discuss the results of the Investigative Inquiry conducted, the PCAOB report and five Consumer Complaints. The vote of the Board was unanimous.

Respectfully submitted,

William Mandeville
Executive Director