

**NEW JERSEY STATE BOARD OF ACCOUNTANCY  
PUBLIC SESSION MINUTES  
SEPTEMBER 18, 2014  
SOMERSET ROOM - 6<sup>TH</sup> FLOOR**

**I Call to Order and Roll Call - 9:35 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, John Dailey called the meeting to order at 9:35 a.m. The following roll call was taken:

Richard C, Barlotta, PA	Present
Jorge A. Caballero, CPA	Excused
John F. Dailey, Jr., CPA	Present
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Present
Dennis C. Meyerson, PA	Present
David J. Milkosky, CPA	Present
Harold Model, CPA	Present
Ainsley A. Reynolds, CPA	Present
Michael H. Runge, CPA	Present

Also present at the meeting were Khaled Madin, Acting Executive Director; Tobey Palan, Deputy Attorney General, Melba Rodriguez, Secretarial Assistant; Marie Lisa, Staff; Brad Muniz, CPA, President, NJSCPA; Frank Boutillette, CPA, President-Elect, NJSCPA; Jeff Kaszerman, Government Relations, NJSCPA; Daniel Dustin, CPA, Vice President, State Board Relations, NASBA; David Plaskow, Editor, NJSCPA and Tom Hall, Intern.

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**II Minutes of the Meeting of July 24, 2014**

On a motion made by Ainsley Reynolds, seconded by Richard Barlotta, the Board voted to approve the July 24, 2014 with corrections. The vote of the Board was unanimous.

**III President's Remarks**

President Dailey welcomed everyone back and hoped everyone was ready to get back to work.

President Dailey informed the Board that there was a guest, Dan Dustin from NASBA at the Board meeting. Mr. Dustin travels around the country to various state boards to discuss NASBA's functions and how they may assist. President Dailey thanked Mr. Dustin on behalf of the Board for coming to New Jersey and everyone is looking forward to his presentation.

**IV Acting Executive Director's Remarks**

Acting Executive Director Madin welcomed everyone back from vacations and thanked Mr. Dustin for coming and is looking forward to his presentation.

**V UNIFORM PENALTY LETTER IN LIEU OF FORMAL COMPLAINT FOR CPE AUDIT - RENEWAL PERIOD 2009-2011**

**A PAID PENALTY AND WILL MAKE UP CREDITS**

- 1 Joseph Lizza - \$500.00 - paid
- 2 Ajay K. Sureka - \$5,000 - payments
- 3 Mark Cherry - \$4,000 - paid
- 4 Brian Giambagno - \$4,000 - paid

On a motion made by Michael Runge, seconded by Sara DeSmith, the Board voted to allow Mr. Giambagno until June 30, 2015 to obtain his CPE credits. The vote of the Board was unanimous.

5 Doreen Ann Catanio - \$3,000 - paid

On a motion made by Ainsley Reynolds, seconded by Harold Model, the Board voted to approve the paid penalties and the make-up of the credits. The vote of the Board was unanimous.

**B PAID PENALTY AND REQUESTED INACTIVE-PAID STATUS**

1 John Donahue - \$1,000 - paid

2 Tianrong Zheng - \$8,000 - payments

On a motion made by Michael Runge, seconded by Sara DeSmith, the Board voted to approve the paid penalties and the requests for inactive-paid status. The vote of the Board was unanimous.

**C REQUESTED VOLUNTARY SURRENDER**

1 Jiangchun Xu

2 William Lazorik

3 John Saliva

On a motion made by Richard Barlotta, seconded by David Milkosky, the Board voted to approve the requests for voluntary surrender. The vote of the Board was unanimous.

**D REQUESTED BOARD TO CONSIDER EXPLANATION**

1 Sukumar Majmudar

On a motion made by Richard Barlotta, seconded by Daniel Geltrude, the Board voted to uphold the original UPL. The vote of the Board was unanimous.

2 Robert Lawrence

On a motion made by Michael Runge, seconded by David Milkosky, the Board voted to rescind the original UPL issued. The vote of the Board was unanimous.

## **VI Dan Dustin - NASBA - 10:00 A.M.**

Mr. Dustin thanked the Board for the invitation and for the kind words. Mr. Dustin provided the Board with his business card and informed everyone that he is always available if anyone needs to contact him.

Mr. Dustin provided some background information about himself. He informed the Board that he is licensed in New York and now that he is in Tennessee, he is also licensed in that state. He worked in public accounting for 12 years in New York and then worked with the office of the Attorney General for 13 years before joining NASBA in 2012.

Mr. Dustin also informed the Board that there are generally two meetings per year specifically for the benefit of Board members. One is an Executive Director's and Staff meeting which is held in November and the second one is a Regional Director's meeting which is held in June. Both meetings offer good information on current developments at NASBAs as well as functions to support state board activities. Each year at the June meeting, NASBA conducts a "Board Member Orientation" seminar to educate new state board members on their duties and responsibilities and to familiarize board members on NASBA. Scholarships for the orientation are available to all new board members. There is also a Legal conference which is held in March which attorneys from the different state Boards meet and discuss what changes and policies impact all states. NASBA offers a scholarship to one representative from the different states to attend.

Mr. Dustin distributed a handout that explains the data base that is being offered which is being used across the country to track CPA disciplinary action. This service is free of charge. He informed the Board that in order to be able to use the data base, the Board must participate in the Accountancy Licensee Database (ALD) program. There are currently 4 state boards using the program. New Jersey is not one of them but Acting Executive Director Madin informed Mr. Dustin that he has had several meetings with the MIS department and the goal is to have a system running by November.

Mr. Dustin thanked the Board for inviting him to make his presentation and again if anyone needed to contact him, he is available on the phone number he provided on his business card.

President Dailey informed the Board of the importance of actively participating with NASBA.

## **VII Committee Reports**

### **A CPA Examination Committee**

Harold Model had no report for the Board.

### **B Ethics Committee**

President Dailey reported that on July 29 there was a meeting and sponsors were invited and informed that they may submit their information for course approval.

Mr. Geltrude informed the Board that so far there are two packages that have been received and need to be reviewed by the Committee. The Committee will meet via conference call and report back to the Board.

### **C CPE Committee**

Daniel Geltrude had no report for the Board.

### **D RMA Committee**

John Dailey informed the Board that the RMA exam is scheduled for Friday, December 5, 2014. President Dailey reminded the Board that proctors are needed for the morning of the exam if anyone would like to make themselves available for that date, please let him know.

### **E Peer Review Oversight Committee**

Sara DeSmith reported to the Board that the Committee held a meeting on July 24<sup>th</sup> and discussed the ongoing PR developments with regard to the Department of Labor examination of employee benefit plan audits. Many firms around the county are not aware that employee benefit plan audits are subject to Peer Review and are “must select” engagements under AICPA peer review standards. Impacted Peer Review reports are being recalled and subjected to replacement reviews which must be completed within 90 days. This matter will continued to be monitored by the PROC.

Ms. DeSmith also informed the Board that the Firm Registration Application form should be updated since renewal is coming up in July 2015. A new question will be added to the application under “Does the firm issue audited, reviewed, or

compiled financial statements? If “No”, has the firm filed the Annual Affidavit for Exemption from Peer Review?” This addition encourages compliance with the annual exemption request process.

Ms. DeSmith also mentioned that the list of non-compliant firms (i.e., failed to enroll in Peer Review program or failed to submit Application for Exemption from Peer Review) has dropped down to 149 firms. When this process was started, non-compliant firms were approximately 700. This matter will continued to be monitored.

There is also a pending exposure draft of amendments to the AICPA Peer Review standards proposing to exempt “preparation services” from peer review. The Committee will be discussing this exposure draft and report back to the Board at the October Board meeting.

F Education Committee

Ainsley Reynolds had no report for the Board.

G Reciprocity Committee

Michael Runge had no report for the Board.

H Nominating Committee

Dennis Meyerson had no report for the Board.

I Statute/Rules/Regulations Committee

Richard Barlotta had no report for the Board.

President Dailey provided the Board with copies of a law that was signed by the Governor recently. The rule changes the composition of the Board. The law now requires nine licensees on the Board with a maximum of two Public Accountants. Of the nine licensees, one must have a valid RMA and PSA license. The orientation course that must be taken within the first six months of licensure was also changed to allow the course to be taken six months before or after licensure. Another change in the law is regarding CPE credits for RMAs whos requirements are now the same as CPAs.

President Dailey reminded the Board that Sunset for the rules will take place sometime in 2018. The Sunset rules were done every five years, that has been changed to every seven years.

J     Monitoring Profession Committee

David Milkosky had no report for the Board.

**VIII   Public Comments**

Andrew DuBoff, former Board member informed the Board that he is very much in favor of the ALD program and congratulated the Board in addressing this issue.

Mr. DuBoff also raised a concern regarding the new law on Board composition and requirements. The new law appears to change practice such that Board members are no longer required to hold an active CPA license in order to serve on the Board. It is unclear whether this was an intentional change, but the matter should be looked at by the Board.

Brad Muniz, President of the NJSCPA and a partner with Sobel & Co. on behalf of our CEO & Executive Director, Ralph Albert Thomas, I will be providing remarks today regarding the Society's key dates and activities. Ralph extends his apologies for not being here today as he is in Nashville TN attending a NASBA meeting and conference. Joining me today is Frank Boutillette, President-Elect of the Society and a partner with Withum Smith+Brown. Following are key/important dates for the Society:

- October 1<sup>st</sup>, 2014- NJSCPA Annual Career Night at the Pines Manor, Edison, 3-7pm
- October 3<sup>rd</sup>, 2014 Accounting Educators Update Meetings at Grant Thornton's new offices located at 186 Wood Avenue, Iselin, NJ. This meeting featured a presentation by Bill Ezzell, Past AICPA Chair and Co-Chair of the Pathways Commission.
- December 5<sup>th</sup>- NJSCPA Board of Trustees Meeting and Annual Leadership Holiday Luncheon. Members of the Board and staff are all invited to the luncheon.
- June 10<sup>th</sup>-12<sup>th</sup>, 2015 - NJSCPA Annual Convention and Expo at the Borgata in Atlantic City, NJ.
- I would like to update members of the Board on the following NJSCPA activities:

- S 2163/A2921, the bill which proposes changes to the composition of the State Board of Accountancy, was recently signed by the Governor. The Society looks forward to working with the Governor's Appointments Counsel in implementing the new statute.

- The Society participated in a press conference held this past Monday on the steps of the State House to advocate for the reform of the estate and inheritance taxes here in NJ. NJ is one of two states which have both an estate and inheritance tax. Maryland, which is the other state, is currently reforming its estate and inheritance taxes to conform to what's done on the Federal level. Consequently, NJ is not competitive with the states in the region as well as the nation. This results in individuals leaving the state to avoid these death taxes. Previous studies have shown that in a 5 year period, over \$70 billion of net worth left NJ to go to other states because of these death taxes and NJ' s tax policies in general.

On a National Level:

- The Profession and Society continue to support Mobile Workforce legislation, S1645.

- The AICPA and the Society continue to oppose proposals being considered by Congress to eliminate the cash basis of accounting for tax reporting purposes for pass through entities. The Society, in tandem with the AICPA, has been successful in getting three members of the NJ congressional delegation to sign a letter opposing the proposal to eliminate the cash basis of accounting. To date over 230 members of the house and approximately 45 Senators have signed onto letters in their respective house to oppose these proposals.

On a motion made by Sara DeSmith, seconded by Daniel Geltrude, the Board voted to adjourn the Public Session Board meeting at 11:20 A.M. to reconvene in Executive Session to discuss the resulted of the Investigative Inquiry, three Old Business matters, one New Business matter, the PCAOB reports and four Consumer Complaints. The vote of the Board was unanimous.

Respectfully submitted,

Khaled Madin  
Acting Executive Director