

Connecticut State Board of Accountancy  
June 10, 2003  
Minutes

At the request of Chairman Reynolds, former Chairman Blum called the meeting to order at 9:35 A.M. in the second floor conference room in the Office of the Secretary of the State, 30 Trinity St. Hartford CT.

Present :

Thomas F. Reynolds, CPA, Chairman  
Bernard Blum, CPA  
Richard P. Bond  
James Ciarcia  
Philip J. DeCaprio Jr., CPA  
Leonard M. Romaniello, Jr., CPA  
Sandra Schork  
George Veily, CPA  
Michael Weinshel, CPA

The Honorable Susan Bysiewicz, Secretary of the State  
The Honorable Maria M. Greenslade, Deputy Secretary of the State

David L. Guay, Executive Director  
Michael T. Kozik, Board Attorney  
Diane Ruggia  
Stephanie Sheff  
Frank Qi  
Kay Han

Newton Buckner, III, CPA, President, Connecticut Society of Certified Public Accountants  
Alan Clavette, CPA, Secretary, Connecticut Society of Certified Public Accountants  
Joseph Equale, President-Elect, Connecticut Society of Certified Public Accountants  
Patricia Poli, CPA, Treasurer, Connecticut Society of Certified Public Accountants  
Arthur Renner, Executive Director, Connecticut Society of Certified Public Accountants  
Mark Zampino, Staff, Connecticut Society of Certified Public Accountants

The Honorable Susan Bysiewicz, Secretary of the State, swore in new Board members, Chairman Thomas F. Reynolds CPA, Richard P. Bond and Leonard M. Romaniello, Jr., CPA.

Former Board members, Bernard Blum, Sandra Schork and George Veily, were honored by their fellow Board members and staff and addressed the board with regards to their tenure as Board members as they bid farewell.

Executive Director, David L. Guay introduced Kay Han and Frank Qi, the summer interns to the Board.

Chairman Reynolds directed the Board to the licensing docket. Richard Bond posed a question with regard to the difference in types of licensure. David Guay summarized the hierarchy of licensing as well as the necessary requirements for each to Mr. Bond.

Motion made by Leonard Romaniello and seconded by Michael Weinschel to approve the initial certificate applications and the initial and reinstatement applications for registrations and licenses, all voted in favor. The certificates, registrations and licenses approved at the June 10, 2003 meeting are incorporated into these minutes by attachment.

Motion made by James Ciarcia and seconded by Leonard Romaniello to approve initial and reinstatement applications for firm permits to practice, all voted in favor. The permits approved at the June 10, 2003 meeting are incorporated into these minutes by attachment.

Richard Bond asked the Board if any background checks are done with regard to new licenses and or firm permits. Board Attorney Michael Kozik informed Mr. Bond that although a background check is not a statutory requirement, it can however be an administrative matter of policy should the Board decide such. It was noted by Attorney Kozik that lack of resources might be an issue. Mr. Bond was informed that currently there is no background check performed.

Attorney Kozik summarized case #2427 and recommended the Board accept a request for inactive status, so as to revisit the case in the future, should it become necessary. Mr. Bond inquired as to whether we notified the California Board in this case. Connecticut Board saw no obvious reason to do such. A motion to approve a request for inactive status was made by Philip DeCaprio and seconded by James Ciarcia, all voted in favor.

Attorney Kozik summarized case #2435. A request for dismissal was recommended. A motion to approve the dismissal was made by Philip DeCaprio and seconded by Leonard Romaniello, all voted in favor.

Attorney Kozik summarized case #2444. A request for subpoena was made. A motion to approve the request for subpoena was made by Philip DeCaprio and seconded by James Ciarcia, all voted in favor.

Attorney Kozik summarized case #2445. A request for subpoena was made. A motion to approve the request for subpoena was made by Philip DeCaprio and seconded by Leonard Romaniello, all voted in favor. A copy of the enforcement docket is incorporated into these minutes by attachment.

Chairman Reynolds inquires as to whether the request for five years of records in the subpoena, is arrived at by statute. Attorney Kozik explained that it is merely an arbitrary

number. Attorney Kozik also addressed the Board with regard to how the process of enforcement works and how each case may range in sanctions or negotiations.

Under regulatory business, Attorney Kozik opened discussion on SB 1035, the Governor's White Collar Crime Bill summarizing the amendment the Board had voted to seek at the last meeting, and reporting on the amendment's progress through the legislature. Current law permits the Board to discipline CPA's when their right to practice before any state or federal agency is suspended or revoked. The amendment, as proposed by the Board, would have permitted the Board to discipline a CPA whenever he was disciplined by another state or federal agency or by the new Public Companies Accounting Oversight Board, which is not a federal agency. It was noted that at the May meeting the Executive Director of the CPA Society, Mr. Renner, had indicated his organization would probably support that proposal. Attorney Kozik called Mr. Renner on the Thursday before Memorial Day and asked if he had heard anything about the bill. There was no indication that anyone at the Society had any problems with the Board's proposal. On the Tuesday after Memorial Day, about an hour before the Senate went into session, amendments appeared on the legislative computer system, which would make the Board's proposal virtually meaningless and left the Board in a weaker position than it is under current law. These amendments were filed at the behest of the Society. Under the Society's amendments, if the Board acted based on the action of another agency or board, it could impose no discipline stricter than the original agency imposed. The Securities and Exchange Commission, while it can bar a CPA from practicing before it, it can not suspend or revoke a CPA's license. That is why the SEC refers cases to State Boards.

Because a license carries a far broader range of rights than practice before a single agency, under the Society's amendments, the Board would be unable to suspend a license even where a CPA had been barred from practice for life for the most serious of misconduct without relitigating the usually complex and expensive securities case the SEC or the PCAOB had just resolved. Given the Board's limited resources, this restriction would make it very difficult to punish Connecticut CPA's guilty of even the most serious misconduct involving publicly held companies.

Although the bill was number 2 on that day's Senate "Go list", key Senators were informed of the concerns discussed above and Attorney Kozik was able to negotiate with the Society's lobbyist language compromise, which was incorporated in the bill passed by the Senate and House and now awaiting the Governor's signature. The compromise, giving the Board about 80% of what it originally sought, makes the Connecticut Act's enforcement provisions consistent with Sarbanes-Oxley, permits the Board to discipline a Connecticut CPA when his right to practice before any state or federal agency or the PCAOB is suspended, limited or revoked, or when any such body bars a CPA from serving as an officer or director of a public company, requires a licensee to disgorge funds, or bans a CPA from associating with a public accounting firm. The Society would not agree to language permitting the Board to discipline a licensee based on the imposition by another body of a fine, no matter how large.

Richard Bond expressed a concern for a lack of communication between the State Board and the Connecticut State Society of CPA's.

With regards to SB 1035 Arthur Renner addressed the Board, stating that any expression of support given at the last meeting was only preliminary and that he had only seen the actual language of the proposal that day. After the meeting some of his members expressed concern about the breath of the term "discipline". He said he felt that the Board's position was final because the next Board meeting was not scheduled until after the legislative session concluded.

Mr. Bond noted that the Board has the power to hold special meetings.

Mr. DeCaprio noted that at the last meeting Attorney Kozik had offered to discuss any concerns Mr. Renner or his members might have about the Board's proposal at any time.

James Ciarcia raised a concern with regard to the lack of communication as well as inability of the CSCPA's failure to cooperate with the State Board of Accountancy. Jim feels that the Board's ability to willingly cooperate is repeatedly overlooked.

Chairman Reynolds discussed his desire as Chairman to ensure that a cohesive process and open lines of communication be standard practice in negotiating. Chairman Reynolds made it clear the effort of the Board is to serve its public best, as well as do what is reasonable for the profession. Chairman Reynolds hopes to establish a new relationship moving forward.

Philip DeCaprio gave background on previous Board discussion of the Review Commission and how it pertains to Connecticut with regard to the Sarbanes-Oxly Bill. Executive Director noted the information is available to the Board in Board minutes. David agreed to compose a draft composed of previous discussions in an effort to update the new Board members, as well as allow them a chance to contribute.

A motion to approve the minutes of the May 6, 2003 Board meeting was made by Michael Weinshel and seconded by Philip DeCaprio, a vote went as follows.

Richard Bond	Abstain
James Ciarcia	Yes
Philip J. DeCaprio Jr., CPA	Yes
Leonard Romaniello	Abstain
Michael Weinshel, CPA	Yes
James Quinn	Absent

Richard Bond requested a copy of the Board's prior years budget. David Guay agreed to have that information available.

In closing, Chairman Reynolds updated the Board with regard to The National Association of State Boards of Accountancy meeting. He noted that in many

conversations with other State Boards, it was apparent to him that the rapport with their State Society was open and very positive.

A motion to adjourn the meeting was made by Michael Weinshel, and seconded by Leonard Romaniello, all voted in favor. Meeting was adjourned at 11:25 a.m.