

**Connecticut State Board of Accountancy**  
**March 2, 2004**  
**Minutes**

Chairman Reynolds called the meeting to order at 9:00 a.m. on 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  
Richard P. Bond  
Philip J. DeCaprio Jr., CPA  
Richard Gesseck, CPA  
Leonard M. Romaniello, Jr., CPA  
Richard Sturdevant  
Michael Weinshel, CPA

David L. Guay, Executive Director  
Eric Opin, Board Attorney  
Stephanie Sheff, Board Staff  
Andrée Hazel Nelson, Board Staff

Arthur Renner, Executive Director, Connecticut Society of Certified Public Accountants  
Mark Zampino, Connecticut Society of Certified Public Accountants  
Lawrence Gramling, Professor, School of Business, University of Connecticut  
Andrew Rossman, Professor, University of Connecticut

A motion to approve the minutes of the February 03, 2004 Board meeting was made by Leonard M. Romaniello and seconded by Michael Weinshel, all voted in favor.

Executive Director, David Guay was asked whether he wished to discuss the personnel matters at this time to which he replied to the contrary as he felt it would not be appropriate because he was still in discussion with the Secretary of the State. The Chairman confirmed that Agenda Item #2 would therefore not be addressed.

The motion to accept the individual list of Certificates, Registrations, and license was moved by Richard Sturdevant seconded by Leonard Romaniello. All members voted in favor.

The motion to accept the Firm Permit applications was moved by Leonard Romaniello and seconded by Richard Gesseck. All voted in favor.

The next Agenda item #4 was a request by Janet F. Phillips for over 10 hours of CPE Credit for Authorship. The Executive Director on the request of the Chairman gave a synopsis of the regulation with emphasis on self-declaration of up to 10 hours for authorship with regards to Continuing Education. That would include a published article and/or other items that qualify under the regulations up to 10 hours if the individual request over 10 hours for work that is more substantial on a self-declaration basis a request is then placed before the board.

This solicited some discussion and Mr. DeCaprio pointed out that there was a letter from the Executive Director that the Board had in July 1996, given her 40 hours for the year ended 1996 and 1997. However Mr. Guay advised that the article was not the same as the current one presented. He quoted from the regulations with reference to credit being claimed for published articles. It would appear however that that was the same topic but a different article with more research. Mr. Bond wanted confirmation as to whether Ms. Phillips requested credit after or prior to the publication of the article and was informed that the article was published first and then the request was placed before the Board. Mr. Romaniello brought up the fact that Ms. Phillips was requesting the full 40 hours when she has already been rewarded the 40 hours previously for the same topic but in a different format and he viewed this as 'double-dipping'. The Motion to give Ms. Phillips 10 hours of CPE credit for self-declaration was made by Richard Gesseck and seconded by Philip DeCaprio. All members voted in favor.

Item #5 on the Agenda, which dealt with a request from Exam Candidate Lisa A. Masotti for change of grade or extension of conditional credit, was the next topic up for discussion. The issue at hand was concerning a power outage during the exam held on Thursday November 6, 2003 and Ms. Masotti felt that this occurrence caused her to panic and become nervous and that her ability to properly and successfully complete the exam was directly related. She received a score of 70 and had lost the credits to the three previous exams passed and is now requesting a review of her grades and/or consideration allowing her to retake the Financial Accounting and Reporting exam and not lose the credits for the three exams already passed.

Mr. Bond questioned whether the other people who took the exam at that time had any problem to which the Mr. Guay replied that she was the only one. The question raised by Mr. Sturdevant as to why she wrote the National Association of State Boards of Accountancy could not be ascertained. The Chairman needed further clarification concerning lost credits to previous exams passed. The Executive Director explained that conditional credits were good for the next six (6) sittings and this time was Ms. Masotti's sixth sitting to hold on to those credits. He brought in the grades/exam history for Ms. Masotti so the Chairman could have a clearer understanding of the discussion. She has now forfeited the previously earned credits, as this was her last opportunity to hold on to them. Much discussion with regards to the passing grade was brought up including whether she waited after the results to write the letter of complaint. Mr. Gesseck expressed the opinion that he would have been more sympathetic toward her grievance had she written immediately and not waited for the results. He posed the question if we were to view her request favorably, whether we would then have to give others who had

the same experience, the opportunity to sit again. It was important to note that Ms. Masotti's desperation stemmed from the fact that she had chosen not to sit in May but only in November and that decision had hurt her chances of retaining the credits previously earned and was now basically requesting that she be given the five more points to pass or extend the conditional credits.

Executive Director Guay explained that the only extension the Board has given historically has been accommodations for ADA (American with Disability Act) candidates, with documented physical and other disabilities. Mr. Romaniello expressed the view that were he in such a position with knowledge of another candidate being allowed the opportunity to take the exam again he would have expected the same courtesy. The Chairman acknowledged there definitely was a problem concerning the power at the exam site, which may understandably have contributed to her demeanor at that time.

The motion to deny her request for a change of grade, and/or extension of conditional credit was moved by Michael Weinshel and seconded by Leonard Romaniello. All voted in favor.

The next item on the agenda was the Enforcement docket, which was delivered by Attorney Eric Opin.

Before discussing the Enforcement docket he informed the Board of the research concerning the role of investigating Board members presenting their findings to the Board. He sent a Memo to the Attorney General's office and was awaiting a response. He also informed the Board that he would be attending an Administrative Law seminar on March 30, 2004 in New Britain hosted by the Connecticut Bar Association.

Attorney Opin continued with his delivery concerning the pending docket and advised that there had been three agreed settlements and that he was awaiting the paper work with back fees and administrative penalties. Once these have been signed and the checks have been received, they will be presented to the Board. Mr. Bond wanted clarification as to the time line concerning the approval, signing and review by the Board. Executive Director Guay cleared up the misunderstanding explaining that the Attorney representing the Staff negotiates the settlement and signs it as a recommendation, but it is not an approved settlement until the Board sanctions it. These are viz. Diane Saunders Docket #2498; Christopher Hickerson – Docket #2462; and Arthur Haas – Docket #2464.

#### **Docket # 2407-Thomas Fitzpatrick, CPA – Follow up – Additional Board Discussion**

Attorney Opin presented the following background:

Complaint filed by Office of Policy & Management ("OPM") as to substandard audit of Fire District. [Note: OPM oversees and reviews municipal audit reports]. Issues included omission of material disclosure items including:

- Missing pension information in report as required by State of Connecticut, General Standards Accounting Board ("GASB"), and Generally Accepted

Accounting Principles (“GAAP”)];

- Issuing a standard/unqualified opinion in the Independent Auditor’s Report when there was missing required supplementary information including schedule of funding progress and schedule of employer contributions;  
No disclosure of Fire District’s Federal Depository Insurance Corporation (“FDIC”) bank deposits along with no categorization of bank balance credit risks.

Fire district no longer uses his services; CPA is in a Peer Review compliance program.

In February – approval by Board for \$1,000.00 settlement penalty, plus compliance in a quality review program.

Follow-Up

Unfortunately, negotiations with Mr. Fitzpatrick were not successful. Respondent did not agree to proposed financial penalty. Claims he cannot afford \$1,000 penalty, issue of health problems, loss of fees, and he alleges he had to borrow to make payroll taxes. Has consistently complained of health issues throughout investigation.

Fine appears not to be the issue. Appear to be significant quality issues around being up-to-date in accountancy code (e.g. ability to perform audits, financial reporting) - CSCPA review appears to be problematic. Waiting for copy of review from CSCPA.

Executive Guay explained further that Mr. Fitzpatrick is not a member of the Society this was part of the original investigation when Michael Kozik was still counsel for the Board, it was clear, not only from the complaint that was filed but from Mr. Fitzpatrick’s licensing history that he needed to get at the very least, a Peer Review so that we could get an idea of what the quality of his work was and we were able to acquire a copy of the review. The Peer Review Committee has not yet accepted it but this is a very important piece of our investigation as it sheds light on the quality of his work. There has been significant misinterpretation of the phone conversations between Mr. Fitzpatrick and Attorney Opin and Executive Director Guay. His health issues always seem to be upfront in the various conversations. He advised that he had been wearing a Heart Monitor during one of his phone calls and now needs a pacemaker. The offer to come before the Board to put forth his case and/or negotiate a settlement was not accepted as he cited his health issues as a deterrent. Negotiations have now broken down.

Michael Weinshel moved that the case be brought forward for a hearing next month and the motion was seconded by Richard Bond. However, before the other Board members approved, Executive Directory Guay clarified that this should be a Compliance Meeting and not a Hearing. Chairman Reynolds requested further explanation of the difference between the two and Attorney Opin expounded that as a Licensee Mr. Fitzpatrick’s first administrative step where we would lay out what the proposed charges would be before issuance of formal charges giving him an opportunity to respond which is tantamount to a pre-trial. This process is very informal and could be done over the phone with the

respondent and/or his Attorney. However Executive Director Guay emphasized the need for a more formal structure given the circumstances.

After much discussion the motion for a Compliance Meeting to take place at the next scheduled Board Meeting on April 6, 2004, was then moved by Michael Weinshel and seconded by Richard Bond. All voted in favor.

**Docket #2423 – William McCabe, CPA – recommend dismissal – complainant requests withdrawal of complaint**

Complainant, through his attorney, no longer wishes to pursue. Issue about CPA filing taxes on time with IRS and penalties levied against complainant. CPA in declining health (blood clots in leg, paralysis from knee to foot), previous partner at Deloitte with small solo practice.

The motion to dismiss was made by Richard Sturdevant and seconded by Philip DeCaprio. All voted in favor.

**2447 – John Vancho, CPA – Request approval of charges**

CPA represented complainant for two decades. Failure to file complainant's tax returns for 1999, 2000, and 2001. Multiple notices sent by complainant's counsel to CPA requesting records, but no response from CPA.

Notice of Compliance meeting sent in July, 2003 for August 8, 2003. CPA failed to respond to certified document and did not attend Compliance meeting.

In January, 2004, Board approved issuance of subpoena requesting tax documents in question. Records due to this office on February 13, 2004. CPA failed to provide documents as required by subpoena.

Additionally, CPA has not renewed CPA License and Permit for 2004.

**Seeking 5 count charge**

1. No updated license - Violation of Connecticut General Statutes ("C.G.S.") 20-281a(3)- failure on part of permit holder of a license or permit under C.G.S. §20-281d or §20-281e, to maintain compliance with the requirements for issuance or renewal of such license or permit or to report changes to the board under subsection (g) of C.G.S §20-281d or subsection (f) of C.G.S. §20-281e
2. No updated firm permit - Violation of Connecticut General Statutes ("C.G.S.") 20-281a(3)- failure on part of permit holder of a license or permit under C.G.S. §20-281d or §20-281e, to maintain compliance with the requirements for issuance or renewal of such license or permit or to report changes to the board under subsection (g) of C.G.S §20-281d or subsection (f) of C.G.S. §20-281e;

3. Failing to provide client tax records - Violation of C.G.S. §20-281k(b), §20-281a(6) and 20-280a(7), by failing, after demand, to furnish to a client or former client, records he was required to furnish pursuant to said regulation.
4. Delay of return of client records - Violation of C.G.S. §20-281k(b), §20-281a(6) and 20-280a(7), by unreasonably delaying, after demand, furnishing to a client or former client, records he was required to furnish pursuant to said regulation;
5. Failing to respond in 30 days to complaint- Violation of Section 20-280-15c (q) of the Regulations of Connecticut State Agencies, C.G.S. § 20-281a (a) (6) and 20-281a (a) (7) by failing to respond to communications from the Board within thirty days of the mailing of such communications by registered or certified mail.

Executive Director Guay explained the recommendation for a show cause hearing, which is one of the administrative steps utilized by the Board. A motion for a Show Cause hearing and formal charges was moved by Michael Weinshel and seconded by Philip DeCaprio. All voted in favor.

**Docket #2458 – Michael Smith, CPA– recommend dismissal – complainant requests withdrawal of complaint**

Allegation of negligent filing of tax returns costing complainant fees with IRS. Per complainant, case settled between herself and CPA, wishes to withdraw complaint.

A motion to approve dismissal based on the withdrawal by the complainant was moved by Philip DeCaprio and seconded by Leonard Romaniello. All members voted in favor.

Stemming from that discussion, Mr. Bond questioned whether we required the complainant to sign a statement confirming withdrawal of a complaint. Executive Director Guay advised that it was not a requirement but Mr. Bond was of the opinion that it was important to have the withdrawal in writing for the record as he thought it significant to have a paper trail as evidence, in the event there was a change of heart. Chairman Reynolds thought it to be an extremely good idea and asked that this be included in our procedures.

Mr. Gesseck wanted further clarification and painted a scenario asking if a practicing CPA acted inappropriately, disregarding tax laws etc. and was responsible for getting their client in a fix, who then files a complaint with the Board; Client and CPA negotiates a settlement and client withdraws the complaint, would we then investigate to avoid a recurrence or do we just dismiss based on the withdrawal of the complaint. He wanted to know how would that satisfy our role as protectors of the public more so if this CPA has had previous complaints filed against them.

Attorney Opin assured him that each case is looked at in its entirety and the decision is reached based on the circumstances. Everything is taken into consideration before reaching a conclusion and most cases are isolated situations.

**2459 – Michael Buzzeo, CPA – table**

Waiting for respondent to respond to complaint, has until March 9<sup>th</sup> to respond.

Attorney Eric Opin expounded on this particular issue explaining that it was about an investment done on behalf of a client and there was a Bankruptcy declaration involved and therefore requires more information.

The motion to table was moved by Philip DeCaprio and seconded by Leonard Romaniello. All voted in favor.

**Docket #2464- Marvin Arotzky, CPA – recommend dismissal**

Complaint filed by Treasury Inspector General for Tax Administration (TIGTA) in August, 2003 that CPA was falsely claiming to be a CPA in violation of 18 U.S.C. §1001 and C.G.S. §20-281(h)- knowingly violating C.G.S. §20-281(g)- issuance by report of person or firm not holding valid license or permit.

Investigation found that these charges were previously addressed with this office in case #2000-21. In case 2000-21, respondent agreed to pay \$7,000 settlement, stop using “CPA”, etc. titles, discontinue issuing reports on historical or prospective financial statements of another person or entity, and complete continuing education requirements by June 30, 2003

TIGTA complaint shows use of “CPA” title prior to settlement agreement in 2001, but no cases of violation in 2002, after settlement agreement reached with the Board.

Met with CPA and counsel in compliance meeting. Evidence that respondent has met requirements of settlement agreement with Board, provided board with required continuing education requirements required in settlement, no evidence of use of title after settlement, removed titles from phone books, internet, a licensed CPA as of 7/9/03. No other complaints against CPA.

Mr. DeCaprio wanted to know what evidence we had that the \$7,000.00 was paid and Attorney Opin explained that we have on hand a copy of the certified check and settlement agreement for \$4,500.00 representing back-license fees for 10 years and \$2,500.00 penalty.

Chairman Reynolds wanted to know who was the Treasury Inspector General for Tax Administration (TIGTA). He was informed that this was an IRS officer. He also wanted the timeline clarified and Attorney Opin explained the sequence of events. It appeared that while we were in negotiations with Mr. Arotzky to settle, the Treasury Agent was also inspecting his records for the same infraction.

A motion for dismissal was moved by Richard Sturdevant and seconded by Michael Weinschel. All voted in favor of the motion.

**Recommend dismissal on all of following cases**

- 2468 - Edwin Altimirano, CPA**
- 2473 - Michael Joseph Dzikowski, CPA**
- 2476 - Chris Karabetsos, CPA**
- 2477 - Irene Kuring, CPA**
- 2478 - Paul Lagel, CPA**
- 2479 - Richard Lane, CPA**
- 2480 - William McCabe, CPA**
- 2482 - Gregory Russo, CPA**
- 2483 - Samuel Showah, Jr., CPA**
- 2484 - Sean Stanziale, CPA**
- 2486 - Sarah Tully, CPA**
- 2489 - Robert Campbell, CPA**
- 2490 - Victor Rich, CPA**

Complaints filed against all above individuals for failing to file CPE 2003 credits on time with the Board. Subsequently, all above CPA's have filed necessary CPE material with this office.

Attorney Opin also advised the Board that there were an additional 10 (approx.) still waiting for dismissal. Executive Director Guay interpolated that because of staff/time constraints the decision to dismiss enforcement cases like these when they subsequently complied with the regulations would free up the time for more serious cases.

Richard Bond inquired whether there was a financial penalty for not filing to which the Executive Director responded that there was no negotiation but a recommendation for dismissal. Mr. Bond also wanted to know what was the waiting period before action is taken if the CPE material is not filed. He was informed that a letter is sent out to the CPA if he is in non-compliance as a reminder to submit the CPE material.

Richard Sturdevant moved a motion to dismiss the aforementioned cases and this was seconded by Michael Weinshel. All voted in favor.

As a follow up the Chairman wanted to know whether names on the list have come up in the past as people who have not complied with filing CPE in a timely manner. Executive Director Guay informed that there was one name that stood out as a perennial due to the fact that this particular individual of a 'certain' age, always requests extensions. He also wanted to point out as a continuation to the answer to Mr. Bond's question, that there had been inconsistencies again due to staff/time constraints in putting every resource into this. To this Mr. Bond asked if the Board had the authority to place a fine/fee for late submission of CPE, not necessarily going through legislation and if so would that then act as a deterrent. Mr. Guay explained that he did not believe that we have the authority without statutory change but promised to investigate Mr. Bond's question and was almost certain that any monetary penalty would require statutory change through the legislature.

The Chairman was resolute that this be investigated as he felt that this situation necessitated a deterrent and also to utilize the scarce resources in other more important areas.

Executive Director Guay advised that he had previously recommended to the Board that there should be a significant change in Continuing Education. Many other States, he said do not have the level of disclosure that we do and they have a check off block on their renewal forms which indicates that the CPA has completed the necessary Continuing Education requirements. The CPA signs this imperative statement “I have taken the appropriate Continuing Education” whereas we require an annual disclosure from the CPA. He went on to say that not too long ago in New York there was a study as to the validity of Continuing Education and this continues to come up frequently and Mr. Guay had recommended instead of the arbitrary 40 hours, 20 hours and really limit what Continuing Education should be, thereby making it as something that is absolutely necessary in assisting the CPA to be the best they could be. To this end we could then define more narrowly what courses would be adequate. This matter he explained has been building momentum at the National level which the Institute and/or NASBA have been examining with regards to new standards for and/or measurement of, continuing education and in particular for interactive self study courses.

Richard Gesseck interjected that we should look into the possibility of ‘advertising’ our fees i.e. stating well in advance that the Board has reached a decision that if the Practitioner had not filed CPE at the specified time that a fine/fee would be imposed. However, the Chairman saw this as placing more of an administrative burden on the staff. Attorney Opin pointed out that this might engender legal challenges as well and care should be taken when/if this is entered into. Executive Director Guay advised that in the past there were fines placed on those CPAs who were tardy in completing and reporting Continuing Education as part of a settlement. Mr. Bond compared this with a ‘speeding ticket’ where a fine is either paid or it is contested. Mr. Sturdevant suggested that we consider a change for the next legislative session. The Chairman reiterated the need to impose a fine for late filing of CPE just as it is for almost any other area where a deadline exists.

**Docket #2525 – Neil Gerhardt/Gerhardt & Associates – Request subpoena authority**

Complaint filed with the Board that individual purports to be a CPA, but has no license. Research indicates probable cause. Subpoena authority requested pursuant to C.G.S. §20-280(f) to investigate matter further, then review, report and follow-up to Board.

The motion to request a subpoena was moved by Michael Weinshel and seconded by Philip DeCaprio. All voted in favor.

**Docket #2526 – Marshall Weiss – Request subpoena authority**

Complaint filed with Board that individual purports to be a CPA, but has no license. Research indicates not a CPA in Connecticut. Subpoena authority requested pursuant to

C.G.S. §20-280(f) to investigate matter further, then review, report and follow-up to Board.

Mr. DeCaprio moved the motion to request subpoena, seconded by Richard Bond. All voted in favor.

The next Agenda item #7 under the Regulatory activity, was concerning an update of the 5 in 10 reciprocity legislation.

Executive Director Guay advised that there had been a false alarm with regard to a Public Hearing scheduled, but to his knowledge, that had not been held as of yet and as a result he deferred to Arthur Renner, Executive Director, CSCP. Mr. Renner informed the Board that it had been numbered House Bill #5589 and it is scheduled for a public hearing to begin at noon on Friday March 5, 2004 and as is typically the case, Governmental officials and Agencies have the first hour to testify and then it opens up to the public.

In response to Mr. Bond's question of who is sponsoring the Bill, Mr. Renner explained that it was referred to GAE on the basis that the Society had suggested it at this State Board meeting and it was discussed and recommended. Attorney Opin was asked to check and print a copy off the website to distribute to the Board members. The Chairman encouraged Board members to attend and/or testify at that Hearing.

The meeting moved on to Agenda Item #8 concerning NASBA Focus questions that Executive Director Guay explained that this revolved around an initiative by NASBA as part of the model bill/law that NASBA sponsors called Substantial Equivalency. He went on to explain that Substantial Equivalency is a temporary practice permit allowing the individual to practice in a jurisdiction based upon holding the practice permit in their own jurisdiction.

The Chairman went through the questions, discussed each briefly with a view to preparing responses to submit to NASBA. He explained that the Association does this fairly often to obtain input from the various State Boards. Mr. Gesseck questioned how would we proceed to which Mr. Guay explained that their approach had varied over the years. At times there had been open conversation and he compiled the document and simply sent it off to NASBA. On this occasion he suggested that he could do something similar but forward to the Board for any necessary amendments before mailing it to the Association. Another option would be to complete in a draft form and include on the next Agenda for discussion and/or approval. David Guay had authored the most recent one and a draft was sent to the Board members, as recollected by the Chairman, and so he thought that would be a good way to proceed this time. In the final analysis it was agreed that Mr. Guay drafts it and include it in the next meeting's Agenda for April 6, 2004, which meant it would be a few days late.

The questions were as follows:

1. Would the process be easier for your jurisdiction to rescind a practice privilege granted under substantial equivalency than it would be to take away a reciprocal license? Please explain your answer. **No**
2. Would your state accept professional accountants from countries with which NASBA's IQAB has developed mutual recognition agreements (MRAs) without having these individuals pass the IQEX (International Uniform Certified Public Accountant Qualification Examination)? This would be conditioned upon the non-US professionals' home countries not requiring an examination from this country's CPAs who wish to practice within their borders. IQAB does an extensive study of the examination, education and experience requirements of non-US groups before developing an MRA. It has been argued that foregoing IQEX would truly recognize the substantial equivalence of non-US accountants.

The thought was that we have to handle reciprocity as it currently exists and cannot take on anything more at this point in time. This aspect of Non-US Accountants Mr. Guay explained had been looked at in the past but only as a secondary facet of reciprocity and had always been relegated to the back burner until the topic of reciprocity had been fully dealt with. He did however indicated that this was an area that the Board would eventually have to handle sooner or later as this was a growing international profession.

Mr. DeCaprio cautioned that this concerned not only people who passed the IQEX but also for those Accountants from countries where they do not have to take/pass an examination and this was of absolute importance.

Executive Director Guay further explained that some of the conditions couched in this have their genesis in the North American Free Trade Agreement and advised that he has a copy of the Agreement.

At the conclusion of the discourse it was agreed that the answer should be an emphatic **NO**.

1. Boards have been asked to make the new NASBA/AICPA CPE Standards fully effective in their jurisdictions as of January 1, 2004. The CPE Advisory Committee would like state boards to comment on any issues they might be experiencing relative to the implementation of these standards. (The new standards can be found on the NASBA Web site at [www.nasba.org/nasbaweb.nsf/exam](http://www.nasba.org/nasbaweb.nsf/exam).) In addition to general comments, the Committee is particularly interested in the states' feedback on the following areas:
  - Section 200 – Standards for CPAs, Standards No. 1, 2, 4 and 5
  - Section 300 – Standards for CPE Measurement: Standards No. 12, 13, 15 and 16
  - Section 300 – Standards for CPE Program Reporting: Standard No. 18.

Executive Director Guay proposed from a statistic point of view, that it was another instance of top down requirements. It would be great if NASBA or the Institute who had both time and the energy to come up with new standards and then issue them out and say

come on board with us. The problem is for the Board to take a look at it and decide whether they are acceptable to this Board and put them through regulation.

1. The CPE Advisory Committee is in the process of developing “practice aids” to assist state boards and CPE sponsors in the application of the new standards. Are there any specific areas in the new standards for which your board feels that a “practice aid” would be especially beneficial?

Attorney Eric Opin’s contribution was pertaining to Section 500 of the Ethics portion, which he said, had some gray areas in particular when a CPA had to return record/work products to a client.

Mr. Guay suggested making a copy of the proposed National Standard Agenda available at the next meeting.

2. What is happening in your jurisdiction that is important for other state boards and NASBA to know? The size of the Board has increased.
3. NASBA’s Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- Input only from Board Chair
  - Input only from Executive Director
  - Input from all Board Members and Executive Director
  - Input from some Board Members and Executive Director
  - Input from all Board Members
  - Input from some Board Members
- Other (please explain):

The next Agenda Item #9 was Update of Ethics Continuing Education Project  
Michael Weinshel reported no update on the continuing education ethics training, other than to report a possible provider had been identified and will detail at subsequent Board meetings. He also advised that NASBA is currently in the process of developing their own.

The meeting moved on to Agenda Item #10 – Question from CPA Examination Services concerning what courses would meet the general education requirement.

#### The Regulation in question

**20-280-22 Education** (c) An applicant who takes the examination for the first time on or after January 1, 2000, shall have completed 150 semester hours of college education, including a baccalaureate degree, at a college or university accredited by a regional accrediting commission subscribing to established national policies and procedures or of equivalent accreditation as determined by the Board. Such an applicant shall have

received credit for at least 36 semester hours in accounting education, which may include the basic or introductory accounting course; at least 30 semester hours in economics and business administration education other than accounting; and at least 60 semester hours in general education. The balance may consist of any for credit courses, including courses in excess of the minimums set forth in the preceding sentence.

### The Request

Mr. Guay,

Joe Cote has requested that I draft some guidelines to be used in evaluating CPA Examination candidates for Connecticut, specifically which courses would be acceptable to meet the 60-hour general education requirement. My interpretation of "general education" would be liberal arts courses, or basically any courses other than accounting or business, specifically courses in the following areas: English, literature, history, psychology, philosophy, foreign languages, math, social sciences, geography, fine arts, religion, political science, physical education (if credit is awarded), natural sciences, health and nutrition, communications. We also generally accept courses from other disciplines such as education, agriculture, engineering, etc., in cases where the candidate may have began college as, for example, an education major and then changed majors to accounting or business.

In addition to the above, we usually include, if needed, economics, computer courses, statistics, business ethics, business communications, quantitative applications, and organizational behavior.

If you would prefer we not include any of the courses listed above to meet the general education requirement, please let me know, and, as well, if there are additional subjects that you would like for us to accept.

Kathy Lewis  
Supervisor, Credential Evaluation  
CPA Examination Services

Executive Director Guay advised that the request had come from our Examination Service seeking clarification on what was our General Education requirement. Mr. Bond suggested that Public Speaking be included and that his opinion was based on his experience in this area, which he said appeared to pose one of the biggest problems for most Practitioners when addressing non-accountants. They use jargon that is not comprehended by the non-financial listener. He also included ability to write clearly as part of that requirement.

Chairman Reynolds also said in conjunction with the areas cited by Mr. Bond that he too was of opinion that more emphasis be placed on writing courses as he professed amazement at the lack of writing ability that many college graduates have.

The motion to accept the list was moved by Richard Gesseck and seconded by Michael Weinshel. All other members voted in favor.

Under the Agenda Item #11 - Any other New or Old Business Mr. Richard Bond had one item with regard to the CUC. At the time he met with lawyers they said that the criminal case was going to court in February but was now not going until April 19. The criminal case which probably then progressed to a Civil case which the Board was interested in, was put off even further to 2005 at the earliest. He also commented on an unsigned letter from Thomas Restivo of Deloitte & Touche that Mr. Guay explained was actually part of a License package submitted and he included it because he thought it was a perfect example of the 5 in 10 rule. Mr. Restivo had been in Stamford for many years and clearly had an active New York License for 10 years. His whole career is nothing but auditing and in working with him we had to come up with enough hours of engagements in New York for him to be able to get licensed here in Connecticut.

Mr. DeCaprio advised the meeting that he heard that Senator Dodd was trying to sponsor legislation regarding outsourcing. Something to the effect that if you outsource and it causes loss of jobs to Americans, then we are not going to do business with the Federal Government, something like a quid pro quos.

The final Agenda item #12 offered an opportunity for members of the public to address the Board.

Art Renner took the opportunity to inform the Board of another piece of Legislation which will be up for public hearing this Friday March 5, 2004 before the Education Committee. It is Senate Bill #384 and it is largely the same Bill that was before the Committee in the 2003 Legislature, but now grown because of the problems in the Amity School District situation and it has a number of implications for the practice of auditing for these regional school districts. For instance, he said, "it has provisions in there that would require the State Board of Education to periodically perform quality reviews of selected regional school district audits". It would require the Department of Education at a minimum of three years, auditors from the regional school district would have to be rotated and give the Department the ability to assign the auditors to the specific districts. It would also mandate the contents of what needs to be conveyed in a management letter issued in accordance with such audits. Right now this is a matter of professional judgment. The Society will be testifying against this Bill on Friday but because of the intrusion into the area which the State Board is chartered with of protecting the public's interest, he thought the Board would be interested in knowing that this was back again. All these provisions were in a Bill last year and never got through either House.

He also informed the Board that the AICPA is seriously considering amending the concept of Public availability of Peer Review information. This he said will be discussed

at length at the Regional AICPA meeting later this month as for this to happen it would require by-law amendment and will not happen overnight. But clearly if it does maintain momentum within the AICPA eventually it will impact how this Board treats Peer Review information. Executive Director Guay quoted from the Statutes pertaining to what can and cannot be disclosed. Mr. DeCaprio supported Mr. Guay and stated that the Board was very specific when they drafted that Legislation so that it would not be subject to FOI.

Andrew Rossman was the second speaker and his point of discussion was that of the issue of Reciprocity. He started off with the fact that he supports the intent of the reciprocity changes in terms of it not being very restrictive and not penalizing people. However he really wanted to qualify the words – ‘Licensure’ and ‘Certificate’ and at the same time reflect upon the original intent and comment on items brought out in the last minutes. He went on to explain that part of the intent was to prevent flight from the State of Connecticut to other States but he is still concerned with pending legislation that a by-product of that however could be flight and wanted to offer some additional observations. He said that at the University of Connecticut they were still seeing an increasing number of people who earn enough undergraduate credits. An alarming number of undergraduates (10 – 15 approximately) taking 18 credits per semester instead of 15 i.e. if you are coming in with credits from an advanced placement what this is enabling students to do is only need to take an additional one or two courses at the end of their undergraduate degree to be able to meet the educational requirement. He said he wants to believe that this increase in the number of people doing this is in part of the burden of the 150 hours. They then can avoid the additional time to get the advanced degree and also be able to avoid the cost of the additional education. As a result he is concerned what a student could now do is simply go to New York, (until New York becomes a 150-semester hour State), take the exam upon graduating from College in Connecticut and with the penalty being an additional three (3) years to certification, that person is going to possibly think that they will save themselves \$15,000.00 and avoid taking the additional course work during the first year or two in Public Accounting so they do not have to divide their time between being a student and a professional. He envisions that there will be a lot of motivation for someone to go that route. He also considered that a large number of people and he deferred to the those in public practice and observe the turnover, that there is a large percentage of people who are now no longer with the firm that they started with after three/four years. What this enables someone to do, is simply say “I know I am starting out in Public Accounting because all my teachers tell me that Public Accounting is the place to start my career, you have a big advantage starting public accounting, if you want to stay in there, great, but if you want industry that too is an option”. He envisioned that simply given the turnover that we do experience, students may think they become certified in the sense that they pass the exam in New York and are not interested in getting the experience to complete the process of getting a certificate, they may still go to New York, take the exam, say that they pass the CPA exam and they can hold themselves out within their firm or company and that is all that is needed. He saw that between the time that New York comes on line and this legislation becomes enacted there is a potential and it is not insignificant, for flight from the State. He stated

that he was speaking from a place of observation of the students on campus and he believes that it was important that he shared this with the Board.

He also asked whether it was too late to look at the Legislation with a view to perhaps modify the wording besides removing the phrase “outside the State” to see if we could prevent this scenario as stated before from occurring because his understanding was that the Board was aware of this and did not want that to happen but was not sure how big an issue it was. So he wanted the Board, when looking at the legislation lines 25 – 33 if the third qualification for issuance of certificate instead of saying ‘after passing the examination upon which a certificate was based’ insert the phrase ‘after issuance of the applicant’s certificate’ and what that would do is really tack on a penalty. So if you went to New York and got a certificate after two years what he was saying is that you would have to have five years beyond that, or something along those lines. Or if there were some way it could be added into legislation that if you are going to go the five in ten route then you have to demonstrate that you were now a resident in Connecticut nor were you practicing in Connecticut when you took the exam in another State.

He acknowledged that whether this is significant or not would play out over the next three or four years by that time it really would be too late to do anything about it.

Richard Sturdevant asked Andrew Rossman whether he had interviewed any of the students he highlighted to find out what their intentions were to which he said he had not specifically but in various conversations he had had with them he deduced that they were concerned about the cost and the uncertainty of whether firms would be compensating them for the cost of additional education. He emphasized that this was anecdotal, as he did not have a scientifically conducted survey but his impression was that they were doing this to avoid the additional burden. There are clearly some students who have accumulated a lot of credits because they changed majors and will graduate with well over 150 hours, but it is the student who did not have another major and changed over to accounting, that is managing a way to take additional credits a semester to try to avoid this issue.

When asked what was wrong with that approach he explained that it gave an insight in what is in the mind of people who might be, and who they were concerned about going to New York to take the exam and what he was suggesting was that he wanted the Board to try to find ways to minimize not only the financial cost but the burden of doing the additional education while they are employees starting off their careers. So they are trying to avoid doing something, which is what many other people do, but the reason for that is that it makes a big difference, and even if he recognized that the Board simply required an undergraduate degree, he felt that the student could get more out of the additional education by taking an integrated degree rather than cherry-picking additional courses that are not cohesive. He expressed that as an educator it made more sense to do the additional work in a cohesive fashion rather than in an ad hoc way. By simply adding on credits the student is not getting the same benefits of taking an added degree that is an integrated set of courses. His concern was that students are already seeking some way

of minimizing both their financial burden as well as the general burden of having to do the additional work after the four years of education.

The Chairman however expressed understanding as to why a student should want to take additional courses to minimize cost later and that even some may do it for the wrong reasons he understood it from a practical stand point. However he was not certain that this would lead to the natural conclusion that these students would want to go, say to New York, to take the exam because the requirements are different for the next two years. In his opinion one does not suggest the other and is not sure that this is true or not. Mr. Rossman interposed that this would be only borne out over a period of time. The Executive Director recognized that Mr. Rossman did raise a valid concern however he said that he was comforted in some way that we still have to get a certificate from another jurisdiction and there is no reciprocity unless the individual has a certificate from that jurisdiction. The question he said now becomes how much more experience should we have for this alternative path. Based on Mr. Rossman concerns, Executive Director Guay proposed that we look at the size of the experience e.g. in the case of New York with two years experience we would say an additional five more years after that initial two years or something of that nature. The whole idea is finding some way for individuals who get caught in the small differences between jurisdictions to make that credential count.

Mr. DeCaprio wanted to know what happens if an individual gets 150 hours in four years and takes the CPA exam in Connecticut and two years later can become a CPA. If this individual leaves Connecticut and takes the exam in New York he has to add three years to the time before he becomes a CPA. As far as Mr. DeCaprio was concerned there really was no upside to that. To which Mr. Rossman argued that there was which was savings in the cost of education and Mr. Bond interjected that this individual is actually a smart person for doing that. Mr. DeCaprio was not convinced that the State loses people because of that, yet recognized that the issue brought up by Mr. Rossman was right, the individual is not going to take another year and have all that cost and have an advanced degree, but our Statute does not require that – it just says 150 hours plus a Baccalaureate. Mr. DeCaprio was still of the opinion that it was much tougher on the individual who leaves the State.

Michael Weinshel's contribution to this discussion was in the area of the three E's – Experience, Education and Exam. The exam he thought an individual is going to pass either place and tried to equate it to four years of education and five years experience sort of the equivalence of five years education two years experience. He therefore came to the conclusion that it was still two extra years to get a Connecticut Certificate no matter how it was looked at, whether it was in years earning a salary or in education. Mr. Bond wanted to know if this was a matter of economics for the University of Connecticut to which Mr. Rossman explained that since it was an on-line program their student body comprised of individuals from all over the world and not restrictive to only Connecticut residents and this was therefore not the issue. His major concern was flight from the State and whether we want to have people taking the exam in New York as opposed to Connecticut and attempted to provide additional insight based upon the fact that he had closer contact with the students. He was emphatic that his concern was not in any way an

issue that was mercenary because he was interested in the money for the University. He reiterated that the idea of the 150 hours was that the student would value the additional 30 hours and the Universities reciprocated by developing curriculum that added meaning and value to the individual entering public practice. But if the outcome of this drives them to frontload their courses during the four years and not take the graduate education then the educational experience the Universities have designed for them is something that they will by-pass also.

Chairman Reynolds assured Mr. Rossman that the Board does welcome him and his comments and that it does bring an added perspective to the discussion. More so because he is in the middle of the academic community and those are things that the Board does not often focus on.

Also contributing to the meeting was Lawrence Gramling from the University of Connecticut concerning Agenda Item #10 and in particular to the penultimate paragraph in the letter penned by Kathy Lewis, Supervisor, Credential Evaluation and CPA Examination Services. His major concern was the courses included for General Education viz. Economics, Business Ethics, Business Communications and Organizational behavior among others. He was of the opinion that these four courses did not meet the definition of General Education and the way the Regulations had it, a student could take as many as 90 of 150 credits which included these courses right now because there is no specification as to what the other 24 unnamed credits have to be in. In his mind a student could come and get in excess of 90 business credits that count towards the CPA examination. At the University of Connecticut this is not an issue because students must take a minimum 60 credit hours outside of business and economics. He went on to say that from what he read it would appear that someone could come in and have a complete Business degree and never take any of the other courses in the liberal arts area and still qualify to sit for the CPA exam if they are allowed to substitute Economics, business ethics, business communications and organizational behavior. The earlier motion passed by the Board seemed to suggest to him that the listing Ms. Lewis had in the request somehow supports that those will be a listing of courses accepted under general education which he thought was disturbing.

Richard Gesseck explained to Mr. Gramling that the Board was attempting to assist in describing what would constitute General Education. However when looking at the penultimate paragraph he could appreciate his dilemma. David Guay further expounded that the reason it was included that way was when applicants come forth with any of the aforementioned courses, economics is pretty straight forward, but a lot of the computer, statistics, business ethics and even some quantitative applications are not allowed in the business schools so we needed some guidance there for the people who are qualifying our candidates, most of the time questions come back to staff here to determine if they can satisfy a shortfall from the general education subjects. It is not meant to say that one can use all economic courses for the general education. Mr. Gramling however saw this explanation as a contradiction because if we say we need 30 hours in economics in the regulations and then say that the student took the economic course that is really general education. He also explained that he took exception to three other areas viz. business

ethics, business communications and organizational behavior because they were clearly business courses. He does not have that problem with computer courses, statistics and quantitative applications because these he said could be taken and consist of things that are not business related. Mr. Bond then brought up the idea of removing the word ‘business’ out of each of the offending areas and asked Mr. Gramling what would he think, but he responded that he was looking at it in relation to the question raised by Ms. Lewis in her request.

The Chairman thought that Mr. Gramling raised a very good point of concern and explained that he too had not focused on that paragraph. Mr. DeCaprio brought up the fact that we usually included the word “if needed” for that exception for an individual who might be about three semester hours short in something may grab one of these courses and get credit for it. It allows some flexibility, but not meant to be the norm and there had been evidence of this happening from time to time. Some schools may put these courses in something other than Economics and we have had to be a little more creative to help the student.

Executive Director Guay again emphasized that it all comes down to how General Education is defined and Mr. Gramling interjected that it was the reason for Ms. Lewis’ request and if we had that in the Regulations it just seemed inconsistent to have specific requirements and then arbitrarily throw some in when a student is taking a very heavy business loaded curriculum at some institution and then be able to meet the exam requirement. Perhaps there is too much specificity he cogitated. Mr. DeCaprio pointed out that in order to satisfy the degree requirements there was a core that individuals cannot avoid and in that core is where the general courses are. Mr. DeCaprio in response, quoted from the existing Regulations “...The College or University shall be accredited by a regional accredited agency subscribing to the established national policies and procedures or of equivalent accreditation as determined by the Board.” Mr. Rossman pointed out that there are dozens of accrediting agencies that may vary their requirements. Mr. Gramling also advised that he had been on some University committees who have addressed this same topic and there was a strong thought there that sometimes students’ assessments come in and they could test out of taking certain things even in some of the basic fundamental areas. Schools are walking a fine line that they do not necessarily want to give credit but then they substitute something else later on and then they fulfill the requirements and hence the reason he thinks there should be more specificity to allow what seems like improper substitutions.

Mr. Romaniello wanted to find out if we knew how many times they needed to go back and add courses in to fulfill the requirement to which Mr. Guay confirmed that it was infrequent. Mr. Romaniello’s view was that it just gives flexibility in a few situations where a person needed to get the necessary requirement. It would be difficult to continuously tweak and fine tune the regulations and the Executive Director acquiesced explaining that in the original construction some of the language was purposely vague to provide the Board with flexibility but still lauded Mr. Gramling for raising a very important point.

The Chairman requested that Mr. Guay conveyed to Ms. Lewis the problem the Board was experiencing and ask her to clarify and the frequency with which she has to go back and use some of the courses she stated in her request.

As a result of the extensive discussion concerning the list of what courses would meet the General Education requirement submitted by Kathy Lewis, a motion to request further clarification and amend the penultimate paragraph of the request was passed by Michael Weinshel and seconded by Richard Bond. All other members voted in favor thus rendering the first motion null and void.

Chairman Reynolds thanked Mr. Gramling for bringing such an important and significant point to the attention of the Board.

There being nothing further for discussion at this time, Leonard Romaniello moved the motion to adjourn, Richard Sturdevant seconded, and all voted in favor. The meeting was adjourned at 11:18 A.M.