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**PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE**

**TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE**

**TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2013**

**WEDNESDAY, JANUARY 30, 2013
2:00 P.M.**

**TESTIMONY ON HOUSE BILL NO. 716
RELATING TO DISCIPLINARY AUTHORITY OF THE
BOARD OF PUBLIC ACCOUNTANCY**

**TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND TO THE HONORABLE DEREK S.K. KAWAKAMI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:**

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 153, Relating to the Disciplinary Authority of the Board of Public Accountancy. My name is Daria Loy-Goto. I am the Complaints and Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). RICO offers the following testimony in support of the bill.

House Bill No. 716 amends §466-9, Hawaii Revised Statutes ("HRS"), to clarify that the Board of Public Accountancy ("Board") may take one or more disciplinary actions for violations of the public accountancy laws. The bill also increases, from \$1,000 to \$5,000, the maximum amount of fines that the Board may impose.

The current language of the law has led to court interpretations that do not reflect the Board's intent and is inconsistent with the disciplinary authority of other boards. Specifically, a court has interpreted §466-9, HRS, to authorize the Board to impose only one licensing sanction against a licensee in a disciplinary action. This means that the Board could suspend a licensee, but could not also order a fine or restitution as part of the proceeding. RICO supports House Bill No. 716, which makes clear that the Board may impose one or more disciplinary sanctions authorized by §466-9, HRS.

RICO also supports the increase in fines. The fine amounts in §466-9, HRS, and §446-11, HRS, have not been increased since the fines were created in 1989 and 1986, respectively.

Thank you for the opportunity to testify on House Bill No. 716. I will be happy to answer any questions the Committee members may have.

**PRESENTATION OF THE
BOARD OF PUBLIC ACCOUNTANCY**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

Wednesday, January 30, 2013
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 716, RELATING TO THE DISCIPLINARY
AUTHORITY OF THE BOARD OF PUBLIC ACCOUNTANCY.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Nelson Lau, and I am the Vice-Chairperson of the Board of Public Accountancy ("Board"). Thank you for the opportunity to testify in strong support of House Bill No. 716, Relating to the Disciplinary Authority of the Board of Public Accountancy.

The purpose of this bill is to clarify that the Board may take one or more disciplinary actions against any person for violating Hawaii Revised Statutes chapter 466, and to increase the amount of the administrative fine that may be imposed for any such violation.

This bill is necessary to address a Circuit Court determination that the Board was only allowed to impose one disciplinary sanction against a licensee. The proposed bill clarifies that the Board may impose one or more disciplinary actions for violations of the licensing statute.

The measure further proposes an increase in the amount of the administrative fine for a licensing violation to \$5,000. The current fine amount of \$1,000 is low

compared to other professions and trades, and may not be a sufficient deterrent or sanction.

The Board believes that consumers of public accounting services will benefit from increased compliance with the licensing statute by certified public accountants, public accountants, and public accounting firms. Further, the proposed amendments will bolster the enforcement efforts of the Regulated Industries Complaints Office of the Department.

Thank you for the opportunity to testify in strong support of House Bill No. 716. I will be available to answer any questions you may have.