

HB716

Measure Title: RELATING TO THE DISCIPLINARY AUTHORITY OF THE BOARD OF PUBLIC ACCOUNTANCY.

Report Title: Public Accountancy; Disciplinary Actions; Administrative Fine

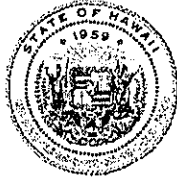
Description: Clarifies that the board of public accountancy may take over one or more disciplinary actions against any person for violations of accountancy regulatory law, and increases the amount of the administrative fine that may be imposed for any violation.

Companion:

Package: None

Current Referral: CPN, JDL

Introducer(s): CHOY



NEIL ABERCROMBIE
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PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2014

THURSDAY, MARCH 13, 2014
9:30 A.M.

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

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND TO THE HONORABLE BRIAN T. TANIGUCHI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 716, Relating to Disciplinary Authority of the Board of Public Accountancy. My name is Daria Loy-Goto, 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 SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

**TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014**

Thursday, March 13, 2014
9:30 a.m.

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

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Nelson Lau, and I am the 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 for violations of the public accountancy laws and rules, and to increase the amount of the maximum 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 who violated the licensing statutes and rules. The Board could not order a fine or continuing professional education when suspending an individual's license. This is inconsistent with the disciplinary authority of other boards and regulatory programs. The proposed bill will

authorize the Board, when warranted, to impose one or more disciplinary actions for violations of the licensing statutes and administrative rules.

The measure further proposes an increase in the maximum administrative fine that the Board may impose for a licensing violation from \$1,000 to \$5,000. The current fine amount of \$1,000 has not been revised since it was created in 1989 and is low and inconsistent with fines imposed for violations in other professions and trades. The Board believes that the current maximum fine amount may not be a meaningful deterrent or sanction for the most egregious violations of the public accountancy laws and rules, such as the recent case that resulted in many millions of dollars in damages.

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.



HSCPA

Hawaii Society of
Certified Public Accountants

Testimony Before the Senate Committee on
Commerce and Consumer Protection

Thursday, March 13, 2014 at 9:30 a.m.
Conference Room 229

In Support of the HB 716

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Chair Baker, Vice-Chair Taniguchi, and Members of the Committee:

My name is Michael Tanaka, President of the Hawaii Society of Certified Public Accountants (HSCPA), and testifying on behalf of the Board of Directors of the HSCPA in support of House Bill 716 relating to the disciplinary authority of the Board of Public Accountancy (BoPA).

The BoPA monitors current events in the profession to determine whether regulatory amendments are necessary to maintain the relevance of the regulatory environment in the practice of public accountancy.

This measure will clarify BoPA's disciplinary authority for violations of the public accountancy laws and rules and to increase the amount of the maximum administrative fine that may be imposed for any violations made. In addition, this will provide consistency with the disciplinary authority of other boards and regulatory programs.

Please support HB 716 and allow the BoPA to continue to fulfill its responsibility to promoting high professional standards and protecting the interest of the public.

Respectfully submitted,

Michael I. Tanaka, CPA
President