



CANNON BUILDING
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STATE OF DELAWARE
DEPARTMENT OF STATE

DIVISION OF PROFESSIONAL REGULATION

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PUBLIC MEETING MINUTES:	BOARD OF ACCOUNTANCY
MEETING DATE AND TIME:	Wednesday, May 18, 2011 at 9:00 a.m.
PLACE:	861 Silver Lake Boulevard, Dover, Delaware Conference Room B , second floor of the Cannon Building
MINUTES APPROVED:	

MEMBERS PRESENT

Robert Mosch, Professional Member, President
James Cohee, Professional Member
Judith Scarborough, Professional Member
Sharron Cirillo, Professional Member
Jeffrey Premo, Professional Member
Robert Paretta, Educational Member
Gary Pippin, Public Member

ABSENT

Michael Wollaston, Professional Member, Secretary
Carmetah Murray, Public Member

DIVISION STAFF/DEPUTY ATTORNEY GENERAL

Daniel Stevenson, Deputy Attorney General
Barbara Gadbois, Deputy Attorney General for the State
Catherine Simon, Administrative Specialist II

ALSO PRESENT

Ralph V. Estep
Melvyn Woloshin
Anne Swoyer, Court Reporter
Larry Berman, Yellowbook

CALL TO ORDER

Mr. Mosch called the meeting to order at 9:07 a.m.

REVIEW OF MINUTES

A motion was made by Robert Paretta, seconded by Gary Pippin, to approve the minutes of the February 16, 2011, March 16, 2011 and April 20, 2011 meetings. The motion was unanimously carried.

UNFINISHED BUSINESS

Disciplinary Hearing – Ralph V. Estep

Mr. Stevenson, Deputy Attorney General representing the Board of Accountancy stated the purpose for the hearing was based on complaint #04-04-09 filed with the Office of the Attorney General that Ralph V. Estep violated 24 Del.C. Section 111(a) and Rules 8.3 and 8.4 in that he has conducted public accounting through his firm without a firm permit since July 1, 1999.

Board members were introduced. Ms. Cirillo was recused from the hearing. All other parties were introduced.

Ms. Gadbois, State Deputy Attorney General, marked into evidence a packet of documents as State's Exhibit 1. She amended the complaint to state that Mr. Estep's accounting firm obtained licensure as of January 2011.

Ms. Gadbois gave an opening statement. Mr. Woloshin, attorney for the Respondent, declined to make an opening statement at this time.

Mr. Estep was sworn in by the court reporter and gave testimony and answered questions from Ms. Gadbois concerning the complaint. In the course of questioning, Ms. Gadbois marked into evidence State's Exhibit 2, the Wilmington Yellowbook for 2010-2011 which contains ads indicating Mr. Estep is a public accountant and State's Exhibit 3, the Decision and Order for prior complaint #04-08-07 against Mr. Estep.

A motion was made to go off the record due to a power outage by Ms. Scarborough and seconded by Mr. Pippin. The motion was unanimously carried.

A motion was made to go back on the record by Mr. Cohee, seconded by Mr. Paretta.

Ms. Gadbois marked into evidence State's Exhibit 4, printouts from Yellowbook's online ad pages.

Mr. Estep gave testimony and answered questions from Mr. Woloshin.

Mr. Woloshin submitted into evidence Respondent's Exhibit 1, a copy of the prior Yellowbook advertisement that was marked-up by Mr. Larry Berman in 2010, and Respondent's Exhibit 2, a copy of another Yellowbook advertisement marked-up by Mr. Berman.

Ms. Gadbois redirected questioning to Mr. Estep.

Mr. Estep answered questions from members of the Board.

Ms. Gadbois redirected questions to Mr. Estep. The state rests.

Ms. Scarborough made a motion to go off the record, seconded by Mr. Cohee. Motion unanimously carried.

A motion was made to go back on the record by Mr. Paretta, seconded by Mr. Premo.

Mr. Larry Berman, an employee of Yellowbook, was sworn in by the court reporter and gave testimony and answered questions from Mr. Woloshin concerning his involvement in the complaint.

Mr. Woloshin entered into evidence Respondent's Exhibit 3, an email from Yellowbook to Mr. Estep regarding errors made in the revised advertisement.

Mr. Berman gave testimony and answered questions from Ms. Gadbois.

Ms. Gadbois submitted into evidence State's Exhibit 5, Yellowbook's Contract Terms and Conditions.

Mr. Woloshin redirected questioning to Mr. Berman.

Ms. Gadbois redirected questioning to Mr. Berman.

Mr. Berman answered questions from members of the Board.

Mr. Woloshin redirected questioning to Mr. Berman.

Mr. Woloshin recalled Mr. Estep for further questioning.

Mr. Estep answered additional questions from members of the Board.

Mr. Cohee made a motion to go off the record, seconded by Mr. Pippin. The motion was unanimously carried.

Ms. Scarborough made a motion to go back on the record, seconded by Mr. Cohee. The motion was unanimously carried.

Ms. Gadbois, in closing, stated that based on the evidence presented, Ralph V. Estep is in violation of 24 Del.C. Section 111(a) and Rules and Regulations 8.3 and 8.4 and that disciplinary action should be taken against him, up to and including revocation of his license.

Mr. Woloshin, in closing, stated that Mr. Estep attempted to comply with his previous order by meeting with Mr. Berman of Yellowbook and also making some changes to his website. He stated it was not Mr. Estep's intention to violate the previous order and that revocation is too harsh a penalty for the technical violations he committed.

Ms. Gadbois offered rebuttal of Mr. Woloshin's closing statements. The violations are not "technical violations". What is clear is in July 2009 Mr. Estep acknowledged his firm had not had a permit since 1999 but that did not stop him from advertising his firm's services prior to

obtaining a firm permit in January 2011. The State is asking that both the firm permit and his public accounting permit to practice be revoked.

The Board went off the record and into deliberations.

A motion was made by Mr. Paretta, seconded by Mr. Pippin to go back on the record.

The Board went back on the record and a motion was made by Ms. Scarborough, seconded by Mr. Cohee that the State has met its burden of proof as it pertains to Section 111(a), 106(b) and 110(a) of the statute, Rules and Regulations 8.3 and 8.4, and that Mr. Estep also violated the previous Order of the Board. The penalty of the culmination of these violations shall be revocation the public accounting permit of Ralph V. Estep. The motion was unanimously carried.

A motion was made by Mr. Mosch, seconded by Mr. Paretta to go off the record.

Verbatim testimony was taken by a court reporter.

Propose to Deny Applications

A motion was made by Robert Paretta, seconded by James Cohee, to propose to deny the application of Tao Wang since he has not submitted proof of completion of a Delaware specific ethics course as requested. The motion was unanimously carried.

Re-Review of Applications

A motion was made by Judy Scarborough, seconded by Robert Paretta to approve the applications of Eun Jeong Kim, Se Jung Jung, Rebecca Thompson and Jamell Bodie and to table the application of Hai-Ran Xu until October 2011 pending receipt of proof of completion of auditing and taxation courses, and Sonia Selvaratnam pending receipt of an updated work experience affidavit showing 2 full years of work experience. The motion was unanimously carried.

Review of Consent Order

A motion was made by Robert Paretta, seconded by Gary Pippin to approve and sign the Consent Order as written for Complaint #04-01-11. The motion was unanimously carried.

Correspondence

Last month, Narinder Sandhu inquired as to whether their firm, located in the Cayman Islands, needs to be licensed in Delaware to perform audits for clients located in Delaware if they are doing the work in the Cayman Islands. The Board had asked for more detailed information on the types of entities, their locations and the types of services provided. He has since responded that he no longer needs our assistance.

Participation in the NASBA International Exam Offering

The Board office has received several email inquiries as to whether Delaware will be participating in the international offering of the CPA exams starting in August 2011. Last month the Board asked to see a copy of the minutes from the meeting with NASBA when they gave the International Testing presentation. After some discussion, it was decided that it is of no benefit to our Board to participate in the international exam offering at this time.

Stacey Grooms, NASBA, would like to clarify the firm registration requirement as it applies to a CPA who is exercising practice privileges in our jurisdiction. The Board elected to table this item until next month.

The Board previously received correspondence from Shawn Bell of NASBA asking if Delaware accepts QAS and/or NASBA's Registry, and if so, whether the acceptance is automatic or requires other steps. The Board asked for additional information on the QAS standards in order to determine if they are equivalent Delaware. The Board elected to table this item until next month.

NEW BUSINESS

Review of CPA Permit Applications

A motion was made by Mr. Paretta, seconded by Ms. Scarborough, to approve the applications of Charles Clayton, Junghyun Kwak and Gigi Maniyatte and to table the application of Youngtag Ha pending receipt of additional work experience affidavit(s). The motion was unanimously carried.

Review of CPA Certificate and Permit to Practice Applications

A motion was made by Mr. Pippin, seconded by Mr. Paretta to approve the applications of Chihua Kao, Naoki Shindo, Kashyap Shah, Gregory Scannapieco, Douglas Czark, Yaremis Salazar, Sarah Patterson, Alan Najjar, Yingying Luo and Brenda Cavanaugh, and to table the applications of Ebodam Shin, pending proof of work experience under a licensed CPA and Deborah Champagne with the recommendation she withdraw her application for CPA and apply for a PA Permit. The motion was unanimously carried.

Requests for CPE Waiver

Gunjan Sheth submitted a request for a CPE waiver.

A motion was made by Mr. Paretta, seconded by Mr. Pippin, to table Gunjan Sheth's request for a waiver of the CPE requirement pending receipt of documentation verifying her medical hardship. The motion was unanimously carried.

Sunghyun Bae submitted a request for a CPE waiver.

A motion was made by Sharon Cirillo, seconded by James Cohee, to deny Sunghyun Bae's request for waiver of the CPE requirement. The motion was unanimously carried.

Jugo Aoyama submitted a request for a CPE waiver.

A motion was made by Sharon Cirillo, seconded by Robert Paretta, to deny Jugo Aoyama's request for waiver of the CPE requirements. The motion was unanimously carried.

Rachel Rosner submitted a request for a 6 month extension to complete CPEs.

A motion was made by Robert Paretta, seconded by Sharon Cirillo, to grant Rachel Rosner a 6 month extension to complete the required CPEs for renewal. The permit is not renewable until completion of the required CPE. The motion was unanimously carried.

Samrat Joshi submitted a request for a CPE waiver of the taxation requirement.

A motion was made by Robert Mosch, seconded by Robert Paretta, grant Samrat Joshi a 3 month extension to complete the required tax CPE, which can include Canadian taxation. The permit is not renewable until completion of the required CPE. The motion was unanimously carried.

Request for Extension to take CPA Exams

Koichi Takahashi submitted a request to extend his eligibility to take the CPA exams due to the natural disasters in Japan. A motion was made by Robert Mosch, seconded by Robert Paretta, to grant him a year extension to complete all parts of the CPA exams.

Review of Delaware Ethics CPE

The requests for approval of Delaware specific ethics courses from Accountants Education Group, Beacon Hill Financial Educators and Becker Professional Education were tabled until the June meeting.

Complaint Status

04-03-08 – Closed
04-15-08 – Closed
04-04-09 – Hearing May 2011
04-07-09 – Forwarded to Office of Attorney General
04-02-10 – Open
04-03-10 – Open
04-07-10 – Open
04-01-11 – Closed

Ratification of CPA Certificate Applications

A motion was made by Ms. Scarborough, seconded by Mr. Cohee to ratify the applications of Syed Ishrat Zaidi, Takeshi Kawakami, Keiko Kaneko, Guangzhi Yin, Russell Franklyn, Sumeet Behl, Sho Narita and Lakshmi Mahalingam. The motion was unanimously carried.

OTHER BUSINESS BEFORE THE BOARD (for discussion only)

The Board office received an inquiry from Joseph Lucas. He holds a CPA permit in both Pennsylvania and Delaware. His firm is licensed and he primarily practices in Pennsylvania. He would like to know if it is necessary for him to renew his Delaware permit based on the mobility laws if he only performs auditing services occasionally for a company located in DE. Based on the laws, he does not need to renew his Delaware permit.

The Foundation for International Services, Inc. is requesting approval to provide international educational credential evaluations for foreign-educated applicants. After some discussion, it was decided that the credentialing currently done by FACS is sufficient.

The Board office received an inquiry from Seeun Ahn. He took the AICPA ethics exam in 2002 and passed, however, AICPA only keeps scores on file for 5 years. Mr. Ahn would like to know if the Board will accept his copy of the passing score report from 2002 or if he will now be

required to retake the ethics exam so that AICPA can send the score report directly to the Board. As the regulations and laws have changed over the last several years, Seeun Ahn will need to retake the AICPA ethics exam and have AICPA forward the score report directly to the Board office in order to meet the qualifications for licensure.

PUBLIC COMMENT

None.

NEXT SCHEDULED MEETING

The next meeting will be held on Wednesday, June 15, 2011 at 9:00 a.m. in Conference Room B, second floor of the Cannon Building, 861 Silver Lake Boulevard, Dover, Delaware.

ADJOURNMENT

A motion was made by Mr.Paretta, seconded by Mr. Premo to adjourn the meeting. The motion was unanimously carried. The meeting adjourned at 3:15 p.m.

Respectfully submitted,



Catherine A. Simon
Administrative Specialist II