

Board of Accountancy

Washington State



REGULAR BOARD MEETING AGENDA

- Date, Time:** Tuesday, January 22, 2013 – Regular Board Meeting – 9:00 a.m.
Location: The Doubletree Hotel Seattle Airport - Cascade 12 Room
18740 International Boulevard, SeaTac, Washington
(206) 246-8600
Notices: 9:00 a.m. Rules Hearing
11:00 a.m. Chun Hyong Lee – Reinstatement Application

Chair Introductions/Special Notices

PUBLIC RULE-MAKING HEARING – 9:00 a.m.

Attachments at tab:

1. Public Rule-Making Hearing Script.....A
2. Rules Under Consideration.....B
 - a. WAC 4-30-050 What are the requirements concerning records and clients confidential information?
 - b. WAC 4-30-134 What are the CPE requirements for individuals?
3. Written Stakeholder Comments.....C

REGULAR MEETING AGENDA

1. Minutes – October 23, 2012, Annual Board Meeting.....D
2. Social Media – Agency Draft.....E
3. Rules Review - Board Deliberation on proposed rules considered at public rule-making hearing - See listing above under Public Rule-Making Hearing – Item 2.
4. 11:00 a.m. - CPA License Reinstatement Application – Chun Hyong LeeF
5. NASBA Update
6. Legal Counsel’s Report
7. Chair’s Report

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board's Americans with Disabilities Act contact person:

Cheryl Sexton, Washington State Board of Accountancy
PO Box 9131, Olympia, WA 98507-9131
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Washington Telecom Relay Service)

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- 8. Committee/Task Force Reports
 - a. Executive – Board Officers - *Update*
 - b. Compliance Assurance Oversight – Edwin Jolicoeur, CPA, Chair – *No report*
 - c. Legislative Review – Karen Saunders, CPA, Chair – *No report*
 - d. Quality Assurance – Thomas Neill, CPA, Chair - *Update*
 - i. 2012 CPE Audit.....G
 - e. Request Review – Karen Saunders, CPA, Chair - *Report*H
 - f. State Ethics Compliance – Thomas Neill, CPA, Ethics Advisor – *Verbal Report*

- 9. Executive Director’s Report
 - a. Budget Review
 - b. CPE Deficiencies
 - c. Executive Director Reappointment Application Process
 - d. Foreign Education Evaluations
 - e. Implementation of Performance Review Task Force Recommendations
 - f. Investigation Statistics/Investigations & Administrative SanctionsI
 - g. IT Integration
 - h. WBOA-News
 - i. Other

- 10. Executive and/or Closed Sessions with Legal Counsel

- 11. Public Input - To ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

**WASHINGTON STATE
BOARD OF ACCOUNTANCY
REGULAR BOARD MEETING
SUMMARY – January 22, 2013**

Day, time, location, special notices:

Meeting: **Tuesday, January 22, 2013 - 9:00 a.m.**
Location: **The Doubletree Hotel Seattle Airport**
Cascade 12
18740 International Boulevard
Seattle, Washington
(206) 246-8600

Notices: 9:00 a.m. Rules Hearing
11:00 a.m. Chun Hyong Lee – Reinstatement Application

**Chair’s Opening
Announcements:**

The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board during the public input section of the agenda, please sign the sign-up sheet.

JANUARY 22, 2013 - 9:00 A.M. - PUBLIC RULE-MAKING HEARING

Rules Hearing - At **9:00 a.m.** the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to two Board rules.

- 1. Public Rule-Making Hearing Outline** - See **Tab A** for the script the Chair will use as a guide during the hearing.
- 2. Rules Under Consideration** - The Executive Director will provide a summary of the proposed changes for each rule during the rules hearing.
 - a. WAC 4-30-050 What are the requirements concerning records and clients confidential information?**

The proposed change clarifies that licensees who prepare federal income tax returns in accordance with IRS rules do not violate the confidential client information rules of WAC 4-30-050.

- b. WAC 4-30-134 What are the CPE requirements for individuals?**

The proposed change will allow licensees the option of taking an AICPA based ethics course or the current Washington rules ethics course on subsequent license renewals.

See **Tab B** for the CR-102, Notice of Proposed Rule Making, that includes the proposed changes to the rules.

3. Written Stakeholder Comments

See **Tab C** for copies of written comments received from five individuals prior to the mailing of the agenda package. All comments addressed the proposed changes to WAC 4-30-134 (What are the CPE requirements for individuals?). Staff will provide any additional comments received before the rule-making hearing to each Board member via email and in hard copy at the Board meeting for your reference and convenience.

JANUARY 22, 2013 – REGULAR MEETING OF THE BOARD

1. Minutes – October 23, 2012 – Tab D

Board staff presents the draft minutes of the October 23, 2012, annual Board meeting at **Tab D** for the Board's consideration.

Does the Board approve the minutes as drafted?

2. Social Media – Agency Draft – Tab E

At its October 2012 meeting the Board adopted Policy 2012-1 – Social Media to establish the Board's position and guidelines regarding the proper business use of social media by employees. The Board directed staff to develop for Board consideration a framework to present a conservative one-way platform/plan to implement communication via social media.

Tab E contains an agency social media policy drafted by the Executive Director. The Executive Director will lead the discussion.

Does the Board wish to suggest that the Executive Director implement the policy?

3. Rules Review - Board Deliberation on proposed rules considered at public rule-making hearing - Tab B contains the CR-102 filings including the proposed changes to:

a. WAC 4-30-050 What are the requirements concerning records and clients confidential information?

b. WAC 4-30-134 What are the CPE requirements for individuals?

The Executive Director is prepared to summarize the changes to the rules or answer any questions for the Board during deliberation.

For each rule, does the Board wish to:

- **Adopt the rule as proposed with an effective date 31 days after filing?; or**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule with an effective date 31 days after filing?; or**
- **Amend the rule proposal and set another rules hearing date?; or**
- **Withdraw the rule proposal?**

4. CPA License Reinstatement Application – Chun Hyong Lee - Tab F

In September 2007, the Board and Chun Hyong Lee entered into a Stipulation and Agreed Order suspending Mr. Lee's CPA certificate and individual and firm licenses from October 4, 2002, the date Mr. Lee was convicted of violating Title 31 of the U.S. Code, and thereafter until Mr. Lee:

- Complies with all the current requirements of eligibility as an applicant for a reinstated Washington CPA license including but not limited to the then current continuing profession education (CPE) requirements.
- Pays a \$10,000 fine
- Reimburses the Board \$1,750 for investigative and legal costs
- Satisfies any other requirement imposed by the Board as a condition for reissuance of the licenses
- Mr. Lee was eligible to apply for reissuance of his license on October 4, 2012.

On October 4, 2012, the Board received Mr. Lee's CPA License Reinstatement Application including Mr. Lee's certification that he has not used the title CPA title during the time his license was suspended. He included the required \$480 fee, CPE documentation, and supporting recommendations from two licensees.

Mr. Lee paid the \$10,000 fine and \$1,750 cost reimbursement on July 12, 2012.
Board staff:

- Opened an investigation
- Confirmed the application and CPE were complete
- Confirmed that the two letters of recommendation were from currently licensed CPAs in good standing
- Confirmed Mr. Lee has met the terms of the Board's suspension order
- Conducted a limited investigation that included searching for any criminal record or use of the title or holding out since the Board's suspension order
- Recommended to the Executive Director that the license be reinstated

At its April 2009 meeting, the Board expressed a desire, in cases of serious misconduct (public harm), to see the application and make the reinstatement determination. WAC 4-30-126 governs the reinstatement of a suspended/revoked CPA certificate/license. The rule states, in part:

In considering the reinstatement application, the board may consider all relevant factors, including but not limited to:

- (a) The offense for which you were disciplined;*
- (b) Your activities since the disciplinary penalty was imposed;*
- (c) Your activities during the time the license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner was in good standing;*
- (d) Your rehabilitative efforts;*
- (e) Restitution to damaged parties in the matter for which the penalty was imposed; and*
- (f) Your general reputation for truth and professional ethics.*

Tab F contains a copy of:

- Mr. Lee's written request for reinstatement
- Mr. Lee's reinstatement application
- Recommendations from two licensed CPAs
- Mr. Lee's CPE summary and documentation
- The September 28, 2007, Stipulation and Agreed Order suspending Mr. Lee's CPA certificate and practice licenses

The Executive Director invited Mr. Lee to attend the Board meeting to present his application and be available for questions from the Board. The reinstatement request is scheduled for 11:00 a.m.

Does the Board wish to reinstate Mr. Lee's CPA license?

5. NASBA Update

Don Aubrey, Pacific Regional Director for NASBA, will provide a verbal update on NASBA activities.

6. Legal Counsel's Report

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for Legal Counsel to report on any current issues related to the Board's activities and/or Washington state law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

7. CHAIR'S REPORT

The Board's Chair requests the agenda for regular Board meetings contain a placeholder item allowing for the Chair to report on any current issues related to the Board's activities.

8. Committee/Task Force Reports

a. Executive – Board Officers.

The Board officers met with the Executive Director on Friday, January 11, 2013. The Chair will report.

b. Compliance Assurance Oversight – Chair: Edwin Jolicoeur, CPA; Members: Nina Gerbic, CPA, and Christine Bogard, CPA, Members

Emily Rollins, CPA, the prior committee chair, does not have anything to report other than she attended the RAB meeting (over the phone) on December 18.

c. Legislative Review – Chair: Karen Saunders, CPA; Member: Gerald Ryles.

Ed Jolicoeur, CPA, the prior committee chair, has nothing to report for this meeting.

d. Quality Assurance – Chair: Thomas Neill, CPA; Members: Elizabeth Masnari, CPA and Robert Speicher, CPA

Emily Rollins, CPA, the prior committee chair, will report on:

i. 2012 CPE Audit – *Tab G* contains:

- Results of 2012 CPE Audit
- CPE Audit Comparison for 2007-2012

e. Request Review – Chair: Karen Saunders, CPA; Member: Gerald Ryles

The Request Review Committee presents its report at ***Tab H*** for the Board's review.

f. State Ethics Compliance – Ethics Advisor: Thomas Neill, CPA; Ex-officio Liaison: Richard Sweeney, CPA

Tom will have a verbal report on this year's confirmation of compliance with the Agency's ethics policy.

9. Executive Director's Report

a. Budget Review - The Executive Director will report.

b. CPE Deficiencies – During 4th quarter 2012, the Board received 10 requests for extension of time to complete CPE of 16 hours and under. The Executive Director took the following action:

- 6 requests were approved
 - 1 request was withdrawn due to completion of hours prior to 12-31-12
 - 3 requests were denied and set to the pre-lapsed status for reinstatement requiring \$250 additional application fee
- c. **Executive Director Reappointment Application Process** – The Executive Director will report.
- d. **Foreign Education Evaluations** – The Executive Director will report.
- e. **Implementation of Performance Review Task Force Recommendations** – At its October 13, 2011, meeting, the Board adopted the recommendations of the Board's Performance Review Task Force and directed staff to include a place on the agendas for future Board meetings under the Executive Director to report on the status of further implementation of recommendations. The Executive Director will report.
- f. **Investigation Statistics/Investigations & Administrative Sanctions** – *Tab I* contains the following:
- Investigation Statistics January 1990 through December 31, 2012
 - Case Status Report for the period ended December 31, 2012
 - Investigations Results/Statistics through December 31, 2012, as posted on the Board's web site
 - Case Status Report – New proposed format
- Charles Satterlund, CPA, Director of Investigations, will report and lead the discussion.
- g. **IT Integration** – The Executive Director will report.
- h. **Renewal** - Online usage – As of January 15, 2013, online usage for the 2013 renewal cycle is standing at a 99% for individuals and firms:
- 1382 individuals (6403 individuals are up for renewal)
 - 718 firms (798 firms are up for renewal)
- i. **WBOA-News** – As of January 15, 2013, 1841 individuals have subscribed. This is a net increase of 41 individuals since October 16, 2012 – 2%. The Executive Director will report on NASBA's progress towards printing and mailing WBOA-News to Washington CPAs.
- j. **Other**
10. **Executive and/or Closed Session with Legal Counsel** - The Board's Legal Counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and Legal Counsel may enter into executive or closed session when determined appropriate.

11. **Public Input** - Board meeting time has been set aside to ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each with a maximum of three speakers at each Board meeting. *(Chair: Note the sign-up sheet will be set out at the start of the Board meeting.)*

**WASHINGTON STATE BOARD OF ACCOUNTANCY
RULES HEARING OUTLINE
JANUARY 22, 2013**

Presiding officer read or paraphrase BOLD type entries

Italics are explanatory notes to presiding officer

Opening statement:

The Board of Accountancy rules hearing is now in session. The date is Tuesday, January 22, 2013. The time is _____. My name is Emily Rollins. I am Chair of the Board of Accountancy.

Copies of the rule proposals are available at the back of the room. If you have not already done so, please register your attendance at this hearing on the attendance roster at the back of the room. Please indicate on the roster whether you wish to testify.

Have Board Members, legal counsel, and staff in attendance introduce themselves.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

I will identify the rules presented for testimony and the Executive Director will present a brief statement for each proposal.

2. I will use the attendance roster to invite testimony on the proposals. When you give testimony, please:

- **Stand**
- **State your name and organization if you speak for a group**
- **Limit your testimony to the rule proposal currently before the Board.**
- **After you testify, please remain standing for questions, and**
- **If you are testifying from text, please provide a copy to Board staff.**

Testimony is limited to 10 minutes for each speaker.

3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.

The rule proposals concern:

- **WAC 4-30-050 What are the requirements concerning records and clients confidential information?**
- **WAC 4-30-134 What are the CPE requirements for individuals?**

Richard Sweeney, the Board's Executive Director, will present a brief statement for each proposal. Rick presents the statement.

OVER

The rule proposals have been identified. We will now move to the testimony.

1. TESTIMONY FROM ATTENDANCE ROSTER

Ask for testimony from the audience according to the order on the attendance roster. After testimony is complete you will invite questions from the Board members.

Will (name of individual) please come forward to present testimony?

When the testimony is complete you may ask questions of the individual.

2. OTHER TESTIMONY

*After all persons on the attendance roster have testified, ask if others wish to testify. **Is there anyone who wishes to testify that has not had the opportunity?***

3. CLOSING STATEMENT:

Thank you for your testimony.

The Board will deliberate on the oral and written testimony and the proposed rules later today during its regular Board meeting. All participants will be notified in writing of the Board's decision regarding the proposed rules. Thank you all for your participation. This hearing is now closed.



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Board of Accountancy

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 12-19--057 _____ ; or	<input checked="" type="checkbox"/> Original Notice
<input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____ ; or	<input type="checkbox"/> Supplemental Notice to WSR _____
<input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).	<input type="checkbox"/> Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

1. WAC 4-30-050 What are the requirements concerning records and clients confidential information?
2. WAC 4-30-134 What are the CPE requirements for individuals?

Hearing location(s):

The Doubletree Hotel Seattle Airport
 Cascade 12 Room
 18740 International Boulevard
 SeaTac, Washington

Date: January 22, 2013 Time: 9:00 AM

Submit written comments to:

Name: Richard C. Sweeney, Executive Director
 Address: PO Box 9131
 Olympia, WA 98507-9131
 e-mail info@cpaboard.wa.gov
 fax (360)664-9190 by (date) January 15, 2013

Assistance for persons with disabilities: Contact

_____ Cheryl Sexton _____ by 01/15/2013
 TTY (800) 833-6388 _____ or (800) 833-6385 (Telebraille)

Date of intended adoption: January 22, 2013
 (Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

1. WAC 4-30-050: To correct an error in subsection (3) and to clarify that licensees who prepare federal income tax returns in accordance with IRS rules do not violate client confidentiality
2. WAC 4-30-134: To allow CPAs, CPA-Inactive certificate holders, and resident nonlicensee CPA firm owners with the option of taking an AICPA based ethics course, the current Washington rules ethics course, or other professionally based ethics courses on subsequent license renewals

Reasons supporting proposal:

- 1: IRS regulations require registered domestic partners residing in community property states such as Washington State to report half of the community income on each partner's federal tax return. This requires CPA tax preparers to disclose each partner's personal information on the other's tax return. RCW 18.04.405, WAC 4-30-050 and Internal Revenue code prohibit CPA preparers of tax returns from disclosing tax return information without the consent of the client. This proposal clarifies that CPAs may disclose the tax information if required by federal or state tax laws provided each client provides the CPA with specific consent and the intended recipients are specifically and fully identified.
- 2: Every three years, CPAs, CPA-Inactive certificate holders, and nonlicensee CPA firm owners must complete four hours of Board approved continuing professional education (CPE) in ethics and regulation with specific application to the practice of public accounting in Washington State. Not all of these credentialed persons are employed in public practice and the rules do not change that often. More and more CPE sponsors are providing ethics in the individual's required workplace competencies. This proposal will provide the credentialed person with flexibility to obtain ethics CPE that is the most beneficial to them. Other changes in the proposal are for clarity. The Board is not proposing to change the basic CPE requirements.

Statutory authority for adoption: 1: RCW 18.04.055(2), 18.04.405(1); 2: RCW 18.04.055(7), (14), 18.04.215(5)

Statute being implemented: 1: RCW 18.04.055(2), 18.04.405(1); 2: RCW 18.04.055(7) (14), 18.04.215(5)

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Federal Court Decision?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
State Court Decision?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
If yes, CITATION:	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

Office of Chief Counsel Memorandum
 # 201021050 and IRS Publication 555

DATE
 November 19, 2012

NAME (type or print)
 Richard C. Sweeney

SIGNATURE

TITLE
 Executive Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
 STATE OF WASHINGTON
 FILED

DATE: November 20, 2012

TIME: 7:46 AM

WSR 12-23-068

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) The Washington State Board of Accountancy

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Implementation....Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Enforcement.....Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The proposed rules will not have more than minor economic impact on business.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328(5)(a).

AMENDATORY SECTION (Amending WSR 11-06-062, filed 3/2/11, effective 4/2/11)

WAC 4-30-050 What are the requirements concerning records and clients confidential information? (1) **Client:** The term "client" as used throughout WAC 4-30-050 and 4-30-051 includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

(2) **Sale or transfer of client records:** No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest.

(3) **Confidential client communication or information:** Licensees, CPA-Inactive certificate holders, nonlicensee firm owners and employees of such persons must not without the specific consent of the client or the heirs, successors, or authorized representatives ((or—employee)) of the client disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

This rule applies to confidential communications and information obtained in the course of professional tax compliance services unless state or federal tax laws or regulations require or permit use or disclosure of such information.

Consents may include those requirements of Treasury Circular 230 and IRC Sec. 7216 for purposes of this rule, provided the intended recipients are specifically and fully identified by full name, address, and other unique identifiers.

(4) This rule does not:

(a) Affect in any way the obligation of those persons to comply with a lawfully issued subpoena or summons;

(b) Prohibit disclosures in the course of a quality review of a licensee's attest, compilation, or other reporting services governed by professional standards;

(c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body established by local, state, or federal law or recognized by the board as a professional association; or

(d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of the professional practice of public accounting of any such persons.

AMENDATORY SECTION (Amending WSR 11-07-070, filed 3/22/11, effective 4/22/11)

WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals? (1) ~~((The following))~~ Qualifying continuing professional education (CPE) must contribute to the professional competency in the individual's area(s) of professional practice or relative to the individual's current work place job functions.

~~(2) Qualifying CPE is required ((for)) to be completed by individuals during ((the three calendar year period prior to renewal:))~~ any board specified CPE reporting period.

~~(3) A CPE reporting period is a calendar year time period beginning in the calendar year a credential is first issued by this board and ending on December 31st of the subsequent third calendar year; for example, if your license was issued any time during calendar year one (2012), the CPE reporting period ends on December 31st of calendar year three (2014).~~

(4) General CPE requirements for renewal of valid credentials:

~~(a) ((An individual licensed to practice in this state))~~ A licensee must complete a total of 120 CPE hours, including 4 CPE credit hours in ((an approved Washington)) ethics ((and regulations course)) meeting the requirements of subsection ((3)) (6)(b) of this section. The total 120 CPE hours requirement is limited to no more than 24 CPE credit hours in nontechnical subject areas. ((All qualifying CPE hours must be taken after the date your initial CPA license was issued;))

~~(b) A CPA-Inactive certificate holder or a resident nonlicensee firm owner must complete 4 CPE credit hours in ethics meeting the requirements of subsection ((3)) (6)(b) of this section((; and)).~~

~~(c) Individuals ((holding))~~ eligible to exercise practice privileges are exempt from the CPE requirements of this section.

~~((2) **CPE requirements for renewal of a license that was issued less than three years before the end of a CPA Inactive certificate renewal cycle:** When you convert your status from a CPA Inactive certificate holder to a licensee, your CPE reporting period (the three calendar year period prior to renewal) and renewal cycle will remain the same. The CPE requirements for renewal are as follows:~~

~~(a))~~ **(5) Exceptions to the general CPE requirements:**

(a) The initial CPE renewal period after conversion of a CPA-Inactive certificate to a Washington state license:

(i) If your license was issued during the first calendar year of your CPE reporting period, you must have completed 80 CPE credit hours which is limited to 16 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting

the requirements of subsection ~~((3))~~ (6)(a) of this section prior to December 31st of the calendar year following the calendar year in which your license was initially issued.

~~((b))~~ (ii) If your license was issued during the second calendar year of your CPE reporting period, you must have completed 40 CPE credit hours which is limited to 8 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection ~~((3))~~ (6)(a) of this section.

~~((c))~~ (iii) If your license was issued during the third calendar year of your CPE reporting period, you must have completed 4 CPE credit hours in ethics meeting the requirements of subsection ~~((3))~~ (6)(a) of this section.

~~((3))~~ (b) For the following circumstances, you must have completed the requirements of subsection (4)(a) of this section within the thirty-six-month period immediately preceding the date an application is submitted to the board; however, the 4 CPE hours in ethics meeting the requirements of subsection (6)(a) of this section must be completed within the six-month period immediately preceding the date your application and the CPE documentation is submitted to the board:

(i) You are applying to reactivate a license out of retirement; or

(ii) You are a CPA-Inactive certificate holder applying for a license or you want to return to your previously held status as a licensee; or

(iii) You are applying for reinstatement of a lapsed, suspended, or revoked license.

(c) For the following circumstances, you must have completed the 4 CPE hours in ethics meeting the requirements of subsection (6)(a) of this section within the six-month period immediately preceding the date your application and the CPE documentation is submitted to the board:

(i) You are applying to reactivate a CPA-Inactive certificate out of retirement; or

(ii) You are applying to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate, or registration as a resident nonlicensee firm owner.

(6) CPE in ethics and regulation(~~s~~ applicable to practice in Washington state) :

(a) During ~~(each)~~ the first CPE reporting period after initial licensing all individuals initially licensed in this state, ~~((individual CPA Inactive certificate holders in this state, and))~~ including nonresident and foreign individuals receiving initial licenses by reciprocity, and individuals initially recognized as resident nonlicensee firm owners are required to complete 4 qualifying CPE credit hours in approved ethics and regulations ~~((with specific application to the practice of public accounting))~~ in Washington state. ~~((In order to be approved by the board,))~~ The content of this initially required 4 CPE credit hours must be specific to the laws and rules applicable to the practice of public accounting in Washington state including the requirements for the

initial and continued use of restricted titles in this state.

All CPE sponsors ~~((or instructor))~~ must submit ~~((documentation associated with the ethics and regulations CPE))~~ course materials for this initially required 4 CPE credit hours to the executive director of the board for approval ~~((and the sponsor or instructor must obtain written approval from the board))~~ prior to delivery of the content for credit. The ethics and regulations ~~((CPE))~~ course materials must cover all of the following topics, and ~~((the ethics and regulations CPE))~~ instructors of approved courses must substantially address these topics in their presentations:

~~((a))~~ (i) Chapter 18.04 RCW and Title 4 WAC. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule-making process.

~~((b))~~ (ii) WAC 4-30-026 How can I contact the board?

~~((c))~~ (iii) WAC 4-30-032 Do I need to notify the board if I change my address?

~~((d))~~ (iv) WAC 4-30-034 Must I respond to inquiries from the board?

~~((e))~~ (v) WAC 4-30-040 through 4-30-048 Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.

~~((f))~~ (vi) WAC ~~((4-30-103))~~ 4-30-130 Series--Continuing competency. The CPE must include detailed information on each rule and all related board policies.

~~((g))~~ (vii) WAC 4-30-142 What are the bases for the board to impose discipline?

~~((h))~~ (viii) AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.

~~((i))~~ (ix) Variances or key differences between Washington state law (chapter 18.04 RCW), this board's rules (Title 4 WAC) and the AICPA Code of Conduct.

~~((j))~~ (x) Other topics or information as defined by board policy.

~~((4) CPE requirements to renew a license or CPA Inactive certificate out of retirement:~~

~~(a) In order to renew a license out of retirement, you must meet the CPE requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date the renewal application is submitted to the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six month period immediately preceding the date your renewal application is submitted to the board.~~

~~(b) In order to renew a CPA Inactive certificate out of retirement, you must meet the CPE requirements of subsection (1)(b) of this section within the six month period immediately preceding the date your renewal application is submitted to the board.~~

~~(5) CPE requirements for a CPA Inactive certificate holder to either qualify to apply for a license or return to their previously held status as a licensee: If you hold a valid CPA Inactive certificate and you wish to apply for a license or you want to return to your previously held status as a licensee, you must meet~~

~~the CPE requirements of subsection (1)(a) of this section within the thirty six month period immediately preceding the date your application is submitted to the board.~~

~~(6) **Reinstatement of a lapsed, suspended, or revoked license, certificate, or registration as resident nonlicensee firm owner:**~~

~~(a) If you seek to reinstate a lapsed, suspended, or revoked license, you must satisfy the requirements of subsection (1)(a) of this section within the thirty six month period immediately preceding the date the application for reinstatement is submitted to the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six month period immediately preceding the date your application for reinstatement is submitted to the board.~~

~~(b) If you seek to reinstate a lapsed, suspended, or revoked CPA Inactive certificate, or registration as a resident nonlicensee firm owner, you must satisfy the requirements of subsection (1)(b) of this section within the six month period immediately preceding the date your application for reinstatement is submitted to the board.~~

~~(7) **Reciprocity:** If you are applying for an initial Washington state CPA license under the reciprocity provisions of the act, you must satisfy the requirements in subsection (1)(a) of this section, after you were licensed as a CPA and within the thirty six month period immediately preceding the date your application is submitted to the board. For purposes of initial licensure, you do not need to satisfy the ethics requirements of subsection (1)(a) of this section. Thereafter, in order to renew your Washington state license, you must comply with all the renewal requirements in subsection (1)(a) of this section.~~

~~(8)) (b) During the CPE reporting periods subsequent to the first CPE reporting period, all individuals licensed in this state, including those licensees who obtained their initial license through this state's reciprocity provisions, individual CPA-Inactive certificate holders in this state, and resident nonlicensee firm owners are required to complete 4 qualifying CPE credit hours in ethics applicable to the individual's required competencies in the workplace.~~

~~Examples of course content include the following or any combination thereof accumulating to the required 4 hours:~~

~~(i) Washington state specific CPE in ethics and regulation described in (a) of this subsection;~~

~~(ii) Courses covering the AICPA Code of Professional Conduct;~~

~~(iii) Courses covering international codes of conduct applicable to your practice environment;~~

~~(iv) Courses covering the ethical codes of conduct prescribed by other volunteer professional organizations applicable to the individual's competencies including, but not limited to, organizations such as the Institute of Internal Auditors (IIA), the Institute of Management Accountants (IMA), or the Association of Government Accountants (AGA);~~

~~(v) Courses covering the ethical standards established by other state or federal agencies, including state specific courses~~

required by other state boards of accountancy provided that the content is substantially equivalent to Washington state's law, rules, and policies; or

(vi) Courses specifically addressing the ethical and regulatory issues and challenges faced by licensees, CPA-Inactive certificate holders or the equivalent, and/or resident nonlicensee firm owners. This type of course would be expected to also include responsible and practical solutions to ethical and regulatory issues, including those related to compliance with the laws and rules of Washington state.

(7) CPE extension requests: In order to renew your license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must complete the required CPE by ~~((the end of the CPE reporting period))~~ December 31st of the calendar year preceding the calendar year of your renewal unless you can demonstrate your failure to meet the CPE requirements was due to reasonable cause.

The board may provide limited extensions to the CPE requirements for reasons of individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment. You must request such an extension in writing by ~~((the end of the CPE reporting period))~~ December 31st of the calendar year preceding the calendar year of your renewal. The request must include justification for the request and identify the specific CPE you plan to obtain to correct your CPE deficiency.

A form useful for this purpose is available from the board's web site or will be provided to you upon request.

(8) Self-reported deficiencies: If you fail to file a timely request for extension but you self-report a CPE deficiency to the board during the renewal period January 1st through June 30th of the renewal year, you will be permitted to continue to use the restricted title during the renewal period provided you:

(a) Submit to the board, in writing, the specific CPE plan to obtain to correct the CPE deficiency on or before June 30th of the renewal period;

(b) Timely complete the CPE sufficient to correct the deficiency;

(c) Timely submit certificates of completion for the subject CPE taken to the board; and

(d) Pay the fee for reinstatement of a lapsed credential on or before June 30th of the renewal year.

CPE deficiencies taken by June 30th of the renewal year under this subsection will be carried back to the reporting period ending on December 31st of the preceding calendar year and be subject to CPE audit in the next renewal period to ensure that inadvertent double counting does not occur.

January 14, 2013

Mr. Richard Sweeney
Executive Director
Washington State Board of Accountancy
PO Box 9131
Olympia, WA 98507-9131

Re: Comments on revision to ethics requirement

Dear Rick,

As a provider of Board approved ethics training to approximately 1,000 licensees in 2012, I would like to share my thoughts on the proposed revisions to WAC 4-30-134. Specifically, I would like to address the amendment that allows renewing licensees the opportunity to receive ethics credit for courses other than those that contain Washington rules.

Objectively reviewing history, most actions taken by the Board are for violations of Washington rules. In both published investigation statistics and my seminars, licensees commonly do not understand the renewal process, documenting CPE, firm licensing requirements, Washington resources on ethics, and important differences with the AICPA Code of Professional Conduct. These issues arise because of Washington rules, not the standards and rules of other bodies or entities. And, they already arise too often despite licensees already being reminded of these rules every three years. Although this proposal has the best of intentions, it will create a greater lack of understanding of Washington rules than already exists.

Under the proposal, a CPA is exposed once to Washington rules as part of their first reporting period, but potentially never again in their career, which could span decades. This will lead to increased Board actions regarding Washington rules, consuming Board energy and resources that would be better served protecting the public from those that are truly dishonest or technically incompetent.

Another concern is that other than the class required for initial licensees, there would no Board oversight of the content of any of the classes accepted as meeting the ethics requirement. That responsibility would rest with the licensee, who is not qualified or informed enough to determine in advance if the class content would meet Washington's ethics requirements.

Mr. Richard Sweeney
Executive Director
January 14, 2013
Page 2

Because the Board released early draft copies of the proposed rule, I did discuss this change in the seven live seminars I offered in November and December to approximately 400 licensees. Although as usual there were one or two outspoken attendees who objected to the ethics requirement (as well as all CPE requirements in general), the overwhelming majority of attendees appreciated the benefit and understood the need for a reminder about Washington rules and new Washington developments every three years.

I do feel that for renewing licensees, Washington rules and new developments can be more than adequately discussed in less than four hours. As an alternative, I would suggest the Board consider a four-hour requirement with two hours of Washington specific rules and new developments for all licensees each subsequent reporting period. That would allow the remaining two hours to be tailored for ethics specifically relevant to the attendee's primary area of professional competence, such as IRS Circular 230 for tax preparers and situational ethics for those in industry and government.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Hugh", with a long horizontal flourish extending to the right.

Mark Hugh

From: Mike and Nancy Windus [<mailto:mlwindus@comcast.net>]
Sent: Sunday, November 25, 2012 12:50 PM
To: Sweeney, Richard (ACB)
Subject: Re: Proposed Rule Changes

The proposed change does appear to address my issue – the current nonsensical requirement that a person holding a Retired CPA- Inactive certificate take a course in ethics rules applicable to practicing CPAs.

I don't have an issue with requiring ethics training and I hope the proposed change will result in general ethics courses being available.

Mike Windus

From: Sweeney, Richard (ACB)
Sent: Wednesday, November 21, 2012 12:52 PM
To: mlwindus@comcast.net
Subject: Proposed Rule Changes

Mike:

Thanks for your input during our conversation today. It was my understanding that you were not objecting to Ethics CPE per se but merely the focus and redundancy of the existing requirement.

As we discussed I attach the Marked-Up filings with the state's Code Reviser to change two Board Rules subject to public hearing in January, 2013. I also attach my drafts of the proposals that were presented to the Board for approval at the October Board meeting.

Please provide me any additional input you have on these documents. I will ensure your comments become part of the public record.

Have a safe and enjoyable Thanksgiving.

Rick

Richard C. Sweeney, CPA
Executive Director
Washington State Board of Accountancy
(360) 586-0163

11/27/2012

James Jurinski
121 SW Morrison Suite 1020
Portland OR 97204

Richard C. Sweeney, CPA,
Executive Director
Washington State Board of Accountancy?
PO Box 9131,
Olympia, WA 98507-9131

Re: January Rule-making

Written comment for proposal to make changes to:
WAC 4-30-134 What are the CPE requirements for individuals?

I teach CPE courses in both Washington and Oregon so I have some practical experience in this area that I would like to share with the Board.

Allowing licensees to take different ethics classes is a good idea. I do think that licensees need some clear guidance on what course content will be allowed for credit. Although this could be incorporated in the rules it might also be put in a policy or perhaps with detailed CPE FAQs on the BOA website.

Oregon made a similar change to its CPE rule. Unfortunately Oregon did not provide licensees with easy-to-understand guidance about some practical issues involved in the change. Washington should learn from this experience.

1. Give licensees clear guidance about CPE credit for multiple ethics classes.

In Washington a licensee can claim technical credit for a second ethics class taken during a renewal period. Oregon does not have a rule similar to: WAC 4-30-132 (5)(a)(xiii)

....

(5) Subject areas: Programs dealing with the following general subject areas are acceptable so long as they meet the standards in subsection (1) of this section:

(a) Technical subjects include:

....

(xiii) Professional ethics (other than those programs used to satisfy the requirements of WAC 4-30-134(3));

There is no rule in Oregon about what happens when a licensee takes two different ethics courses in a renewal period. Accordingly, the Oregon BOA staff advised at least one licensee that "because of overlap" the board would not accept two ethics classes for CPE credit during a renewal period even if the two ethics classes were really very different from one another.

Washington's guidance should plainly explain that in accordance with WAC 4-30-132(5)(a)(xiii) a licensee can take more than one ethics class for credit during a renewal period.

In my opinion licensees would benefit from a FAQ on the website covering this topic.

2. Give licensees and CPE providers clear guidance about acceptable professional ethics course content.

Oregon provided no guidance about exactly what additional ethics courses would be acceptable to the board. The lack of guidance made licensees nervous about taking ethics classes other than the basic Oregon rules-based course.

Washington should provide guidance that plainly explains and/or gives examples of what topics are acceptable, and maybe more importantly what topics are not acceptable. Using a FAQ format would be helpful.

3. The rule itself should address what happens when a Washington-licensed CPA completes an ethics class based on another state's rules.

Many Washington CPAs also maintain a CPA license issued by another state. They often have to complete an ethics class based on that state's board rules. A common question is whether Washington will accept a rules-based course based on another state's board rules.

The rule itself should explicitly state if an ethics class based on another state's rules is acceptable after the first Washington license renewal. (I recall that at least a few state rules allow this only if the licensee resides or works in the other state).

I hope the Board finds these comments helpful

Respectfully,

James John Jurinski

From: Kris Lambright <klambright@ywcaworks.org>
Sent: Thursday, January 03, 2013 11:35 AM
To: Board of Accountancy (ACB)
Subject: Comment on amended rule WAC 4-30-134

Hello –

Regarding the amendment to [“WAC 4-30-134 What are the CPE requirements for individuals? - To allow CPAs, CPA-inactive certificate holders, and resident nonlicensee CPA firm owners with the option of taking an AICPA based ethics course, the current Washington rules ethics course, or other professionally based ethics courses on subsequent license renewals.”](#)

I am in favor of this change.

As a CPA in industry I am a proponent of making the ethics requirement broader. The current WA approved courses are really aimed at CPA's in public practice. The current required course makes sense for them, but having the ability to take a course that is more relevant to my actual work would be a big plus.

My license is #13362.

Thanks for your consideration.

Kris Lambright

Chief Financial Officer

{p} 206.490.4380

{f} 206.461.4860

YWCA Seattle | King | Snohomish
1118 Fifth Avenue, Seattle, WA 98101

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ywcaworks.org

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Sexton, Cheryl (ACB)

From: Fmmccord@aol.com
Sent: Monday, January 07, 2013 4:48 PM
To: Sexton, Cheryl (ACB)
Subject: Ethics Training - Proposed rule changes

Washington State Board of Accountancy

I recently completed a Washington ethics course and was extremely disappointed in the course content. None of the course objectives were covered. The instructor gave a four-hour lecture on the **philosophy of ethics** but nothing specific to Washington ethics as they pertain to CPAs.

I encourage the State Board to provide options so CPAs can select courses that will increase their understanding of the Code of Ethics. This is an important to the practice of public accounting in Washington.

I also suggest the State Board survey participants on a test basis to verify that course objectives were actually covered. Since current evaluation forms are returned to the course instructors, participants may be reluctant to be candid or critical especially if they sign the evaluation.

If the State Board requires CPAs to complete ethics courses, there is an obligation to ensure such courses are effective and accomplish the course objectives.

Another option would be for Washington CPAs to complete a self-study program and then take an examination covering critical items. This would provide better evidence that the CPA understands ethics.

Thank you for considering these suggestions.

Frank M. McCord, CPA

From: Fmmccord@aol.com
Sent: Wednesday, January 09, 2013 2:54 AM
To: Board of Accountancy (ACB)
Subject: Re: Ethics Training - Proposed rule changes

Cheryl M. Sexton, CFE

Subject: Washington Ethics Training

I have discussed the WA State Ethics Course that I recently attended with some friends who were also in the same class. Everyone is concerned that the instructor did not cover the course objectives. Since the WSCPA instructor is well-known, we prefer not to mention his name unless the Board feels it is necessary.

I was responsible for Education and Training for KPMG for several years and totally redesigned all of their training programs to make them more effective. Accordingly, I would suggest the following changes to the WA State Ethics Course:

- As **advanced preparation**, CPAs should complete an open-book test in ink to answer 300 questions covering both AICPA and WA ethics. This would require two to three hours.
- **In class**, the instructor would select another CPA participant and give him an answer sheet to grade the open-book answers. The two CPAs would discuss and agree on a final score of correct answers. Unanswered questions would not be counted in the final score. This **classroom exercise** should not take more than three hours. Everyone's open-book answers would be reviewed by another independent CPA. This will help ensure that all CPAs go through the learning process twice - once as teacher and once as a learner.
- To pass, the participant must score 90% correct answers. He then would not be required to take an Ethics course for **three years**.
- Those participants who score less than 90% would be required to take an ethics course **every year** until they score 90%.
- Questions would change every year.
- Under the current system, every CPA passes whether they learn anything or not.
- All open-book test results would be reviewed by the course instructor and the final results forwarded to the Washington State Board of Accountancy.
- The CPE costs of this improved program would stay the same at \$185 or \$220 for non-members.

There are many benefits to such a revised program including better protection to both the profession and the public.

As a retired CPA and a former Chairman of both the California and Washington Ethics Committees, I have had considerable interest regarding ethics throughout my 40 plus years in public accounting. From recent classroom lectures on this subject, I am concerned that current students and CPAs both lack a moral and professional understanding of the importance of ethics in the practice of public accounting.

Frank M. McCord, CPA

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of the Annual Meeting of the Board - Unapproved Draft

Time and Place of Meeting	9:07 a.m. –1:13 p.m. Tuesday, October 23, 2012 The Doubletree Hotel Seattle Airport Cascade 12 18740 International Boulevard SeaTac, Washington
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Robert G. Hutchins, Vice Chair, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Thomas G. Neill, CPA, Board Member Gerald F. Ryles, Public Board Member Emily Rollins, CPA, Board Member Karen R. Saunders, CPA, Board Member Bruce L. Turcott, Assistant Attorney General, Board Adviser (Arrived at approximately 9:12 a.m.) Elizabeth Lagerberg, Assistant Attorney General, Board Prosecutor (Arrived at approximately 9:12 a.m.) Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Lisa Zolman, Director of IT and Data Communications Cheryl M. Sexton, Board Clerk
Call to Order	Donald Aubrey, Chair, called the annual meeting of the Board to order at 9:07 a.m.
Consent Agenda	The Board approved the following items on the consent agenda: <ul style="list-style-type: none">• Minutes of the July 26, 2012, Regular Board Meeting• Request Review Committee Report
Delegation of Authority – Director of Investigations	The Executive Director presented a delegation of authority to the Board to allow the Director of Investigations to conduct investigations including the authority to administer oaths or affirmations to witnesses, subpoena witnesses and compel their attendance, take testimony, and require submission of documentary evidence in the course of investigation. Effective October 1, 2012, Charles E. Satterlund, CPA, CIA, filled the agency's Director of Investigations position.

The Board voted to accept the delegation as presented. The Chair will sign the delegation on the Board's behalf.

**Board Policy--2002-1
Substantially
Equivalent
Jurisdictions**

The Board adopted changes to Section II of the Board's Policy 2002-1 to accept the National Association of State Boards of Accountancy (NASBA) recognition of states that do not currently meet the 150 semester hour education requirement but have passed legislation prior to January 1, 2012, to implement the 150 semester hour education requirement as substantially equivalent for purposes of exercising practice privileges.

**2011-2 Interim
Policy Guidelines
Pending Rule
Changes**

The Board amended Policy 2011-2 to eliminate the portion of the policy that was automatically superseded when the Board incorporated that portion of the policy into WAC 4-30-132(8)(a) Interactive Self-study.

Social Media

Presentation

Lisa Zolman, Director of IT and Data Communications, presented information to the Board concerning social media.

Policy 2012-1 Social Media

After discussion the Board directed staff to develop for Board consideration a framework to present a conservative one-way platform/plan to implement communication via social media. The Board adopted Policy 2012-1 Social Media to establish the Board's position and guidelines regarding the proper business use of social media by employees.

Rules Review

WAC 4-30-022 What is the board's meeting schedule and how are officers elected?

The Board determined this rule did not require any changes at this time.

WAC 4-30-050 What are the requirements concerning records and clients confidential information?

The Board directed staff to begin the rule-making process to amend WAC 4-30-050 to clarify that licensees who prepare federal income tax returns in accordance with IRS rules do not violate confidential client information requirements.

WAC 4-30-134 What are the CPE requirements for individuals?

The Board directed staff to begin the rule-making process to amend WAC 4-30-134 to allow licensees the option of taking an AICPA based ethics course, the current Washington rules ethics course, or other professionally based ethics courses on subsequent license renewals.

The Board plans to hold a public rule-making hearing on these proposals in conjunction with its January 2013 meeting.

NASBA Update

Update - The Executive Director provided the Board with an update on NASBA activities including:

- The licensing of foreign firms performing audits in the US
- Lisa Zolman's reappointment to NASBA's Accountancy Licensee Database (ALD) Committee
- The Executive Director's appointment to NASBA's State Board Relevance and Effectiveness Committee
- The prosecuting AAG's planned attendance at NASBA's Annual Conference for State Board Legal Counsel in March 2013

Vice Chair Nominations – Ed Jolicoeur reported that Walter Davenport will be running for the 2013-2014 NASBA vice chair position. The Board voted to endorse Walter Davenport for the NASBA vice chair position and directed the Executive Director to write a letter after NASBA's Annual Meeting and confirmation of Mr. Davenport's candidacy.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, provided the Board with an update on outstanding litigation. The West matter is fully briefed. The court will decide the matter without oral argument in December.

The Executive Director complimented Bruce on his brief.

Chair's Report

2013 Board Meeting Schedule - The Board established the following schedule for the 2013 Board meetings:

- January 22, 2013, Tuesday - SeaTac area
- April 23, 2013, Tuesday - SeaTac area
- July 23, 2013, Tuesday – SeaTac area

- October 22, 2013, Tuesday – SeaTac area

Election of 2013 Officers - The Chair presented the following slate of officers to serve during 2013:

- Chair – Emily Rollins, CPA
- Vice Chair – Karen Saunders, CPA
- Secretary – Elizabeth Masnari, CPA

No other nominations were made. The Board cast a unanimous vote for the slate of officers as presented.

Committee Appointments for 2013 – The Board made the following committee appointments for 2013:

- Compliance Assurance Oversight Committee
Chair:
Edwin Jolicoeur, CPA
Members:
Nina Gerbic, CPA
Christine Bogard, CPA
- Legislative Liaison Committee
Chair:
Karen Saunders, CPA
Member:
Gerald Ryles
- Quality Assurance Committee
Chair:
Thomas Neill, CPA
Members:
Elizabeth Masnari, CPA
Robert Speicher, CPA
- Request Review Committee
Chair:
Karen Saunders, CPA
Member:
Gerald Ryles
- State Ethics Compliance Committee
Ethics Advisor:
Thomas Neill, CPA

**Executive
Committee**

The Executive Director reported that he met with the Chair and Vice Chair on October 18. Their discussion included:

- Slate of Board officers for 2013
- Social media
- Succession plan for Board members
- Limiting the number of foreign education evaluation services recognized by the Board
- Governor’s transition documents

- Governance Structure – Review of agency activities

Compliance Assurance Oversight Committee

The Compliance Assurance Oversight Committee had nothing to report for this meeting.

Education Exam Task Force

The activities of the Education Exam Task Force are on hold.

Ethics Committee

The Ethics Committee had nothing to report for this meeting.

Legislative Liaison Committee

The Legislative Liaison Committee had nothing to report for this meeting.

Quality Assurance Committee

2012 QAR Desk Review - Committee co-Chair Emily Rollins provided the Board with:

- QAR Statistics – 2012 Cycle as of September 13, 2012
- QAR Historical Grades
- QAR Historical Grade Review
- Five-Year Comparative Statistics

The QAR Committee will hold its annual meeting on Monday, November 5 at the Board's office.

Lisa Zolman, Director of IT and Data Communication reported that the agency's online services application for firm renewal was updated to implement the Board's new peer review requirements.

CPE Audit - The 2012 audit of continuing professional education (CPE) is underway. The committee will provide the Board with final results at the January meeting.

The Chair advised that NASBA is about a year away from being able to assist Board in 100% audit of CPE.

Request Review Committee

The following report was approved under the consent agenda:

During the 3rd quarter 2012, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE extensions exceeding 16 CPE credit hours - No activity during 3rd quarter 2012. All CPE extension requests were due on or before December 31, 2011.

Firm Names - Approved:

- Cho & Associates, CPA PLLC
- Gallina Merrill Carlson LLP
- Integrity First Certified Public Accountants LLC
- Martinelli & Associates CPAS, Inc.
- Mueller & Partin CPAS and Forensic Economist
- Schelert Campbell & Company Inc. P.S.
- SSAE 16 Professionals, LLP
- The Business Guides CPA PC Inc.

Late Fee Waivers - No activity during 3rd quarter 2012.

Professional/Educational Organization - Recognition Requests - During the 3rd quarter 2012, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications - During the 3rd quarter 2012, the Board received one request for recognition as an international education credential evaluation service. Board staff is currently evaluating the request.

Executive Director's Report

2013 Renewal Cycle Communication Plan – The Executive Director presented the 2013 renewal cycle communication plan developed by Board staff. Emily Rollins expressed her satisfaction with the recently mailed postcard reminder.

Appreciation – With the transfer of the Board's Quality Assurance Review (QAR) effective January 1, the Board no longer requires a committee to oversee the desk review of financial statement reports. Co-Chair Emily Rollins thanked the committee members for their dedicated service. Staff prepared a certificate of appreciation for each committee member:

- Chris Bogard, CPA
- Nina Gerbic, CPA
- James Holder, CPA

- Martin Oreschnigg, CPA
- Robert Speicher, CPA
- David Stiefel, CPA

The Board Chair and the QAR Committee co-Chair signed the certificates on behalf of the entire Board. The Executive Director plans to approach these individuals for interest in serving in other capacities.

Governor's Transition Documents -

Budget – The Executive Director provided the Board with his responses to requests for briefing from the Governor's Transition Team and the Incoming Agency Administration Team.

Government Management, Accountability & Performance (GMAP) -

The Executive Director reported on the agency's GMAP measures. The agency is currently seeking to redesign the agency's database. The redesign will allow staff to obtain better statistics on the agency's performance. The proposed contract is for \$175,000 with a projected December 2013 completion date.

Implementation of Board's Performance Review Task Force Recommendations –

The Executive Director reported the agency is waiting for an email vaulting solution from the Department of Enterprise Services.

Investigation Statistics/Investigations & Administrative Sanctions

The Executive Director, provided the following reports to the Board:

- Case Status Report for the period ended September 30, 2012
- Investigations Results/Statistics through September 30, 2012, as posted on the Board's web site
- Investigation Statistics January 1990 through September 30, 2012

WBOA-News – As of October 16, 2012, 1799 individuals have subscribed. This is a net increase of 7 individuals since July 18, 2012. The Executive Director reported that WBOA-News will be reconfigured with communication using social media.

Public Input

Three individuals from Japan representing Abitus Inc. attended the meeting. Abitus Inc. is a firm involved with

providing training and CPE to allow Japanese citizens to obtain and maintain a US CPA license.

Mr. Toyoaki Miwa, US CPA, CIA, President, spoke briefly to the Board concerning their visit.

Adjournment

The Board adjourned at 1:13 p.m.

ACB Agency Social Media Policy Draft

January 7, 2013

Social media platforms facilitate the transfer of information across customary social, political, geographic, and personal boundaries.

Social media platforms are a double-edged sword in organizations seeking to demonstrate transparency on how the agency conducts its business.

- The general ease of access and the extended availability offered by social media platforms offer information to an expanded population of potentially interested users looking for specific information sources or users seeking forums to provide information;
- In a government agency, these platforms can promote analyses of specific subject matter(s) of public interest more readily than heretofore customary forms of communication, such as mail, e-mail, or voice mail that may not get appropriate or timely desired attention in the day to day operations of the specific agency recipient;
- To be of value to a regulator, information broadly available on these platforms should be constantly monitored and reported within the organization thereby imposing a commitment of additional labor and/or IT resources upon the organization; and
- However, undefined legal risks exist given the lack of clarity regarding the applicability of Washington State's Public Records Act to information sent or received through these media.

Board policy suggests that the use of social media shall be limited to one-way broad distribution of information from the agency. Board policy is clear that electronic conversations and other dialogue via social media by agency personnel directly with constituents or other external public users of social media platforms should not be permitted. The Executive Director supports that policy.

Agency Policy:

1. Twitter, LinkedIn or similar two-way discussion platforms will not be permitted for communicating agency information to, or the conduct of agency business with, constituents or the general public by agency personnel;
2. Personal social media platforms used by agency personnel on their personal computers, cell phones or other personal social media communication devices shall not identify the employee's employer or otherwise be used to conduct agency business;
3. Any social media platform for agency purposes must be approved in writing by the Executive Director before implementation; and
4. No social media platform will be approved for agency communications until the completion of the IT infrastructure integration project and written approval is granted in writing by the Executive Director.
5. Discipline will result if this policy is violated.

October 4, 2012

State of Washington

The Board of Accountancy

Olympia, WA 98504

RE: Request for Reinstatement of CPA License

Chun H. Lee

License Number: 7960

Dear Sir or Madam,

I hereby request that my CPA License be reinstated soon. I believe I have successfully completed the sanctions imposed by the Board. I have also completed 124 hours of CPE Credits in the last three preceding years.

It is necessary to have my license reinstated in order to obtain the Tax Preparer's ID numbers from the IRS so that I can present taxpayers before the IRS.

A favorable consideration will be greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Chun H. Lee', written in black ink.

Chun H. Lee

Applicant



STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

PO Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

October 18, 2012

Chun Hyong Lee
6535 Steilacoom Blvd SW
Lakewood, WA 98499

Re: Application for Reinstatement of Suspended License (Case # 2012-055)

Dear Mr. Lee:

The Board received your CPA License Reinstatement Application on October 4, 2012. The Board has requested that Board staff conduct a limited good character investigation on applications for reinstatement of CPA certificates or licenses that were suspended or revoked for circumstances other than administrative compliance.

This is to advise you of the investigation Case # 2012-055 and to ask for your continued cooperation, as needed, during our investigation. Initially, I see that I need the following from you:

1. Written documentation from an officer of the US Western District Court that you have complied with all the terms of the sentence imposed on you in October 2002 and are not subject to any monitoring by the court.
2. A listing of the rehabilitative efforts you have taken since the suspension of your CPA credential.
3. A listing of your employment activities since the suspension of your CPA credential.

Please provide the above to me by November 7, 2012. We understand that you are anxious to have your license reinstated. We will expedite our review and forward your application to the Board for consideration. I expect the process may take up to six weeks. I will keep you informed of the outcome of the investigation. If you have any questions, please contact me at charless@cpaboard.wa.gov or 360-586-0785.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles E. Satterlund", written over a horizontal line.

Charles E. Satterlund, CPA
Director of Investigations

ces/cms

Please be advised: the Washington State Board of Accountancy is required to comply with the Public Records Act, chapter 42.56 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the board, including personal information, may ultimately be subject to disclosure as a public record.



October 25, 2012

RECEIVED

OCT 26 2012

WA ACCOUNTANCY BOARD

State of Washington
The Board of Accountancy
Olympia, WA 98504-9131

Attn: Mr. Charles E. Satterland

RE: Application for Reinstatement of Suspended License (Case #: 2012-055)

Dear Mr. Satterland,

Thank you for considering my application for reinstatement of CPA License. As you requested in your letter of October 18, 2012, the following information is provided:

1. Enclosed is the US Western District Court Order granting me for early termination of supervised release signed by The Honorable Judge Lasnik on September 11, 2006. Please note the fact that I was released early for a good behavior.
2. (A) We at Lee, Yu & Associates have refused to provide Accounting / Tax services for some clients whom we are not comfortable with. We weeded them out in order to protect our reputation and to avoid legal implications.

(B) I have completed 12 hours of Ethics during the last three years.

(C) I have practiced the following personal principles:

Appreciation: I appreciate the support provided by my family and close friends during the hardship period.

Concentrate: I should mind only my own affairs instead of others.

Generous: I should be more generous for those who are less fortunate than I.

Grace: I am very grateful that I still have the opportunity to revive myself.

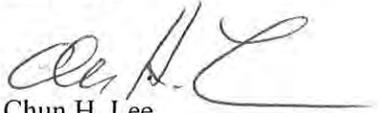
Humble: I want to be myself the way I am without any cosmetic make-up. I am not any better than the next guy to me.

These are some examples of the principles I have followed. However, I cannot judge myself if I am a better person than before. The time will tell.

3. I am self employed with Pullman PCI, Inc. DBA Quality Inn located at 1400 SE Bishop Blvd, Pullman, WA 99163 since February 22, 2006. I have also assisted, on a seasonal basis, in preparing Income Tax Returns and other accounting services at Lee, Yu & Associates, PLLC located in Lakewood, WA.

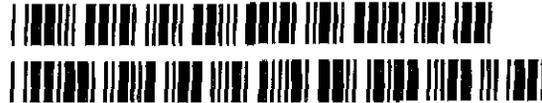
I hope these meet your requirements.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chun H. Lee', written in a cursive style.

Chun H. Lee
Applicant

JUDGE LASNIK



01-CR-00101-FINAF

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,)	
)	NO. CR01-0101L
Plaintiff,)	
)	ORDER GRANTING
vs.)	DEFENDANT LEE'S MOTION
)	FOR EARLY TERMINATION OF
CHUN H. LEE,)	SUPERVISED RELEASE
Defendant.)	
_____)	

THIS MATTER having come before the Court on the motion of the Defendant, CHUN H. LEE, by and through his attorney, WILLIAM R. MICHELMAN, for an order terminating his supervised release; the Court having reviewed the records and files herein and being otherwise fully advised in the premises; the Court finding that early termination is agreed to by Mr. LEE's Probation Officer, MICHAEL MARKHAM; and the Court finding that good cause exists to grant the said motion; now, therefore, it is hereby

ORDERED that Defendant CHUN H. LEE's motion for early termination of supervised release is hereby granted; and, it is further

ORDER GRANTING DEFENDANT LEE'S
MOTION FOR EARLY TERMINATION
OF SUPERVISED RELEASE - 1

ORDERED that Defendant CHUN H. LEE's supervised release is hereby terminated
forthwith.

DONE this 11th day of Sept., 2006.


UNITED STATES DISTRICT JUDGE

Presented by:

WILLIAM R. MICHELMAN, INC., P.S.

s/William R. Michelman

William R. Michelman, WSBA #6803
Attorney for Defendant CHUN H. LEE

006501

CPA License or CPA-Inactive Certificate Reinstatement Application

**Board of Accountancy
Washington State**



OCT 04 2012

FEE: \$480

PERSONAL INFORMATION

Applying as (check one):

CPA License Reinstatement

WA ACCOUNTANCY BOARD CPA-Inactive Certificate Reinstatement

Full Name: CHUN Hyong Lee

Lapsed #: 7960

Mailing Address (including city, state, zip code, country):
6535 Steilacoom BLVD SW
LAKewood WA 98499

Daytime Phone: (253) 584-7799

Email Address: Kyongyuea@gmail.com

Date of Birth: Oct 6 1947

OTHER STATE INFORMATION

Do you have or have you applied for a license, certificate or permit to practice in any other state or foreign jurisdiction? _ Yes _ No
If yes please list below

State/Foreign Jurisdiction: _____ License/Certificate Number: _____

State/Foreign Jurisdiction: _____ License/Certificate Number: _____

CERTIFICATION SECTION

Only to be completed if suspended or revoked

I certify that I have submitted:

Written substantiation of the reasons constituting good cause for the reinstatement.

Two supporting recommendations, under penalty of perjury, from licensees who have personal knowledge of your activities since the suspension or revocation were imposed.

Other required information to support my compliance with the applicable Board order. Ltr fr BOPD dated 8/13/12

GOOD CHARACTER

Please check the appropriate answer for the following questions. Attach separate page(s) explaining any "yes" answers:

- | | YES | or | NO |
|---|--------------------------|----|-------------------------------------|
| • Since your last valid status have you been convicted of a felony?..... | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| • Since your last valid status have you been convicted of a crime involving dishonesty? | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| • Since your last valid status have you been issued an order, sanction, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, AICPA, GAO, OIG, or any other federal regulatory or oversight agency or federal standards setting body, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the CPE requirements of another state board of accountancy or revoked? | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |
| • Since your last valid status have charges been filed by or have you been notified of an investigation undertaken by the SEC, PCAOB, IRS, AICPA, GAO, OIG, or any other federal regulatory or oversight agency or federal standards setting body, another state board of accountancy, or state taxing, insurance or securities regulatory body regarding a prohibited act that would be a violation of board ethical or technical standards?..... | <input type="checkbox"/> | | <input checked="" type="checkbox"/> |

RECEIVED

OCT 05 2012

September 14, 2012

The Board of Accountancy

Olympia, WA 98504

RE: Letter of Recommendation

Mr. Chun H. Lee

License Number: 7960

Dear Sir or Madam,

I highly recommend Mr. Chun H. Lee to be a CPA licensed to practice in the State of Washington. I strongly believe Mr. Lee meets the moral and ethical standards set by the board.

Sincerely,



Alisa Na CPA

License Number: 16759



checked CS
exp 6/30/2013

LAARNI (ANN) GONZALES

Certified Public Accountant

A Professional Limited Liability Company

5511-D Bridgeport Way West, University Place, Wa. 98467

Tel. No. (253) 565-5801 Cell Phone No.(253) 223-9524

E-mail:

September 17, 2012

WA, State Board of Accountancy

P.O.Box 9131

Olympia, WA 98507-9131

Re: Letter of Recommendation

Mr. Chun H. Lee License No. 7960

I recommend Mr. Chun H. Lee's license to practice as a CPA be reinstated.

I strongly believe that he will adhere to all the rules and regulations imposed by the State Board on all the CPAs in practice in the state.

I have dealt with him professionally in the last two years. He had proven to be a capable, knowledgeable, and ethical accountant.

Thank you.


LAARNI P. GONZALES

License No. 09221

✓ current CS

exp 6/30/2013

Continuing Professional Education (CPE) Summary Worksheet

Board of Accountancy
Washington State



Name: CHUD H. LEE # 7960

List each CPE course on this worksheet that meets the retired renewal CPE requirements and submit it with the COPIES of acceptable documentation. Write the Item # on the copy of the acceptable documentation you submit. Please note, these copies will not be returned to you.

(PLEASE PRINT OR TYPE)

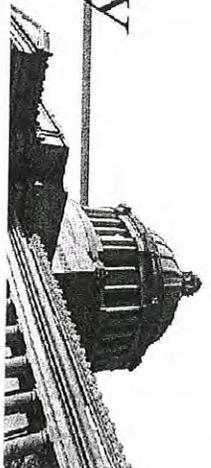
#	Date of Completion	Sponsoring Organization	Course Title	Participant Credit		Instructor Credit (max 72)		WA Ethics	
				Tech	Non-Tech	Tech	Non-Tech		
#1	9/17/12	ISSCPA	BOARD APPROVED WASHINGTON ETHICS COURSE					4	✓
#2	12/1/11	Western CPE	2011 INCLV Tax update	8					✓
#3	12/2/11	Western CPE	2011 Business Tax update	8					✓
#4	11/3/11	WAA	17th Annual Symposium		6				✓
#5	11/3/11	WAA	17th Annual Symposium					2	✓
#6	8/9,89/11	NAEA	Tax Prep	18					✓
#7	12/3/10	Western CPE	Business Tax update	8					✓
#8	12/2/10	Western CPE	INW Tax update	8					✓
#9	10/29/10	WAA	16th Annual Symposium		8				✓
#10	8/8,9,12/10	NAEA	Tax Prep	16					✓
Totals				66	14			6	Total of All Hours

- Licensees are limited to 24 non-technical CPE credit hours.
 - A maximum of 72 CPE credit hours are allowed for preparation and presentation during each CPE reporting period for Instructional Credit.
 - Licensees and Certificateholders are required to complete 4 CPE hours in Board approved ethics applicable to the practice of public accounting in Washington State.
- THE BOARD ADVISES YOU TO KEEP DETAILED COPIES OF ALL DOCUMENTATION SUBMITTED FOR YOUR RECORDS.

Continuing Professional Education (CPE) Summary Worksheet

Board of Accountancy
Washington State

Name: CHUN H. LEE # 7960



List each CPE course on this worksheet that meets the retired renewal CPE requirements and submit it with the COPIES of acceptable documentation. Write the Item # on the copy of the acceptable documentation you submit. Please note, these copies will not be returned to you.

(PLEASE PRINT OR TYPE)

#	Date of Completion	Sponsoring Organization	Course Title	Participant Credit		Instructor Credit (max 72)		WA Ethics	Total of All Hours
				Tech	Non-Tech	Tech	Non-Tech		
#1			BOARD APPROVED WASHINGTON ETHICS COURSE						
#2	12/10/09	Wash Acct + Tax	FRAND Anticipate		4				✓
#3	12/10/09	Wash Acct + Tax	Ethics						✓
#4	12/9/09	WAA	Ethics						✓
#5	12/7/09	WAA	1040 INV TAX	16					✓
#6	7/14/09	IRS	2009 IRS Tax Forum		16				✓
#7									
#8									
#9									
#10									
Totals				16	20			6	
From page 1 of 2									

- Licensees are limited to 24 non-technical CPE credit hours.
 - A maximum of 72 CPE credit hours are allowed for preparation and presentation during each CPE reporting period for Instructional Credit.
 - Licensees and Certificateholders are required to complete 4 CPE hours in Board approved ethics applicable to the practice of public accounting in Washington State.
- THE BOARD ADVISES YOU TO KEEP DETAILED COPIES OF ALL DOCUMENTATION SUBMITTED FOR YOUR RECORDS.

82 34 12 128 hrs

WSCP A CPE CERTIFICATE OF ATTENDANCE
(Please keep for your files.)

I hereby certify that I have attended and completed the following continuing education course for a total of 4.0 CPE credit hours (Recommended 4.0 hours).

(Hours recorded based on sign-in sheets.)

Chun H. Lee

Name

Signature



Course: Ethics Training for CPAs in Washington by Thomas Neill (WA State Requirement)
Credit Category: Ethics: 4.0
Date: September 17, 2012
Location: WSCP A Learning Center 1 & 2 Bellevue
Instructor: Thomas G. Neill, CPA
Producer: Finney Neill & Company PS
CPE Registry: WSCP A
Addn'l Credits:



Course Sponsored By:
WASHINGTON SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
902 140th Ave NE
Bellevue, WA 98005-3480
www.wscpa.org



243 Pegasus Drive
Bozeman, MT 59718
Phone: 800.822.4194
Fax: 206.774.1285
www.westerncpe.com

NASBA Registry #103220
New York #001353
Texas #006477
Enrolled Agent #322
CFP #3199
CTEC Course #2071-CE-0145

820-2

Certificate of Completion

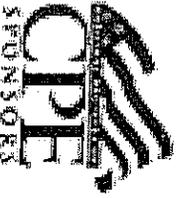
Chun Lee

attended and completed the Group-Live course:

2011 Individual Tax Update

In accordance with the standards of the National Registry of CPE Sponsors and the Quality Assurance Service Programs, CPE credits have been granted based on a 50-minute hour. (Important: CPAs should visit NASBA's website at www.nasba.org or contact their state board to determine sponsor registration requirements.) This course provides interactive feedback.

Western CPE is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State Boards of Accountancy have final authority of the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417. Web site: www.nasba.org



Date: December 1, 2011
Total CPE Credits: 8
CFP Board Accepted Credits: 8
Federal CPE Credits: 6
California CPE Credits: 6
Taxation CPE Credits: 8
Instructor: Anthony Rocca
Location: Tacoma, WA

Authorized Signature

243 Pegasus Drive
Bozeman, MT 59718
Phone: 800.832.4194
Fax: 206.774.1285
www.westerncpe.com

NASBA Registry #103220
New York #001353
Texas #006477
Enrolled Agent #322
CFP #3199
CTEC Course #2071-CE-0144

Certificate of Completion

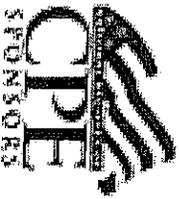
Chun Lee

attended and completed the Group-Live course:

2011 Business Tax Update

In accordance with the standards of the National Registry of CPE Sponsors and the Quality Assurance Service Programs, CPE credits have been granted based on a 50-minute hour (Important: CPAs should visit NASBA's website at www.nasba.org or contact their state board to determine sponsor registration requirements.) This course provides interactive feedback.

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Date: December 2, 2011
Total CPE Credits: 8
CFP Board Accepted Credits: 8
Federal CPE Credits: 6
California CPE Credits: 6
Taxation CPE Credits: 8
Instructor: Vern Hoven
Location: Tacoma, WA

Authorized Signature *Paul Turner*



4/5

Washington Association of Accountants

P.O. Box 2016, Edmonds, WA 98020-9516
(800) 733-6286 www.waa.org

Affiliate of the National Society of Accountants

Seminar CPE Certificate

Participant: Chun H Lee

Address: 6535 Steilacoom Blvd. SW

City, State, Zip Lakewood, WA 98499

Course: 17th Annual Working Together Symposium, IRS Approved Program

Date: November 3, 2011 Topic / Title: 17th Annual Working Together Symposium

Speaker(s): David Williams, Karen Hawkins, Sam Donaldson, Scott Mezistrano, Kathy Hettick, Gene Bell, Terri TerLouw

Location, City, State, Zip: Seattle Center, 305 Harrison, Seattle, WA, 98109

Attended: Tax CPE Credits: 6 Ethics CPE Credits: 2 Total CPE Credits: 8

I certify that I attended the sessions indicated above: [Signature]
(Signature of Participant)

Name of Participant: CHUN H. Lee
(Please Print Name)

Attendance verified by: [Signature]
WAA Seminar Coordinator

*This presentation is designed and administered to qualify for the noted hour(s) of credit. Each participant is responsible for evaluating whether the course content satisfies the necessary education requirements of his or her credential(s). Participants are also responsible for only claiming credit for the actual hour(s) of attendance.

Please keep this certificate in your file for future reference when reporting to the agencies with which you hold accreditation.

WAA Internal Revenue Service Provider #943

2011

CERTIFICATE OF COMPLETION

Continuing Professional Education
NATIONAL ASSOCIATION OF ENROLLED AGENTS
NAEA 2011 NATIONAL CONFERENCE
August 7-9, 2011 · Las Vegas

Lee
NAEA ID: 266622
Chun H. Lee
6535 Steilacoom Blvd SW
Lakewood, WA 98499-2546

PLEASE
KEEP COLOR
COPY FOR
YOUR
RECORD

NATIONAL TAX PRACTICE INSTITUTE (NTPI™)

THIS IS YOUR CERTIFICATE OF COMPLETION.

Please initial only the sessions that you attended. Return white copy to NAEA staff. Color copy is for your record.

National Conference Plenary Session

Plenary, David Williams, IRS 1 CPE _____

All levels of NTPI, the Graduate Representation courses and the Tax Prep courses qualify for both IRS and NAEA CPE; the Practice Management session (Tuesday) qualify for NAEA, but not IRS, CPE.

IRS CPE TOTAL CPE _____

Build Your Business

Qualifies only for NAEA CPE

Marketing and Research 2 CPE _____
Employee/Partner Issues 2 CPE _____
Life of Your Practice 2 CPE _____
SEE Review 24 CPE _____

NAEA CPE TOTAL CPE 18

Program Field of Study: Taxes
Type of Instructional: Group live
NASBA Sponsor # 108268
IRS Sponsor # 16

(In accordance with the standards of the National Registry of the CPE Sponsors, CPE credits have been granted based on a 50-minutes hour)

I hereby certify that the above information is complete and accurate and that I have attended all of the sessions by which I have entered my initials.

Signature: _____

Date: 8/9/2011

Approved:

Sherrill Trovato



Sherrill Trovato, EA
NAEA President

Level 1
Overview of Representation 3 CPE _____
Intro to Criminal Investigations 2 CPE _____
Communicating with IRS 3 CPE _____
Engagement Letters 1 CPE _____
Introduction to Exam 4 CPE _____
Introduction to Appeals 3 CPE _____
Introduction to Collections 4 CPE _____
Ethics 2 CPE _____
Representing Non-Filers 2 CPE _____

Level 2 24 CPE _____

Level 3
Outer Limits 2 CPE _____
Ethical Dilemmas 2 CPE _____
Advanced Exam 4 CPE _____
Correcting Bad Actions of Clients 2 CPE _____
Statute of Limitations 2 CPE _____
Advanced Collections & Bankruptcy 4 CPE _____
Advanced Appeals 4 CPE _____
Trust Fund Recovery 2 CPE _____
Advanced Criminal Tax Issues 2 CPE _____

Graduate Level in Representation

Employment Tax 4 CPE _____
Innocent Spouse 2 CPE _____
Representation Practice 2 CPE _____
Tax Court in Session 4 CPE _____
Voice of Authority: Butler Interview 2 CPE _____
Responding to Statutory Notices of Def. 2 CPE _____
Everything You Wanted to Know About IRS 2 CPE _____
Penalty Abatement Strategies 2 CPE _____
IRS Collection Policy 2 CPE _____
Advanced Criminal Investigations 2 CPE _____

Tax Prep

Form 1041 2 CPE _____
Form 706 2 CPE _____
Form 990 2 CPE _____
S Corps 2 CPE _____
Schedule C 2 CPE _____
Sched D & Form 4797 2 CPE _____
Passive Activities 2 CPE _____
Ethics Jeopardy 2 CPE _____
Protecting Data (Build Your Business) 2 CPE _____

Please return white copy to NAEA staff.
Please keep color copy for your records.



243 Pegasus Drive
Bozeman, MT 59718
Phone: 800.822.4194
Fax: 206.774.1285
www.westerncpe.com

NASBA Registry #103220
New York #001353
Texas #006477
Enrolled Agent #322
CFP #3199

Certificate of Completion

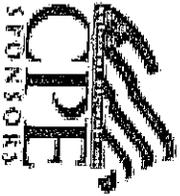
Chun Lee

attended and completed the Group-Live course:

Business Tax Update

In accordance with the standards of the National Registry of CPE Sponsors and the Quality Assurance Service Programs, CPE credits have been granted based on a 50-minute hour (Important: CPAs should visit NASBA's website at www.nasba.org or contact their state board to determine sponsor registration requirements.) This course provides interactive feedback.

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Date: December 3, 2010
Total CPE Credits: 8
CFP Board Accepted Credits: 8
Taxation CPE Credits: 8
Instructor: Vern Hoven
Location: Tacoma, WA

Authorized Signature



243 Pegasus Drive
 Bozeman, MT 59718
 Phone: 800.822.4194
 Fax: 206.774.1285
 www.westerncpe.com

NASBA Registry #103220
 New York #001353
 Texas #006477
 Enrolled Agent #322
 CFP #3199

Certificate of Completion

Chun Lee

attended and completed the Group-Live course:

Individual Tax Update

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Date: December 2, 2010
 Total CPE Credits: 8
 CFP Board Accepted Credits: 8
 Taxes (in NY Taxation) CPE Credits: 8
 Instructor: Ron Roberson
 Location: Tacoma, WA

Authorized Signature



Washington Association of Accountants

P.O. Box 2016, Edmonds, WA 98020-9516
(800) 733-6286 www.waa.org

Affiliate of the National Society of Accountants

Seminar CPE Certificate

Participant: Chun H. Lee

Address: 6535 Sterlucum Blvd. SW

City, State, Zip Lakewood WA 98499

Course: 16th Annual Working Together Symposium, IRS Approved Program #943

Date: October 29, 2010 Topic / Title: 16th Annual Working Together Symposium

Speaker(s): Floyd Williams, Mark Pierce, Karen Hawkins, Sam Donaldson, Gloria Nagler, Bill Malaier, Richard Ginnis

Location, City, State, Zip: Seattle Center, 305 Harrison, Seattle, WA, 98109

Session Attended: Morning, Day 1 CPE Credits: 4 Afternoon, Day 1 CPE Credits: 4

TOTAL CPE Credits*: 8

I certify that I attended the sessions indicated above: [Signature]
(Signature of Participant)

Name of Participant: Chun H. Lee
(Please Print Name)

Attendance verified by: [Signature]
WAA Seminar Coordinator

*This presentation is designed and administered to qualify for the noted hour(s) of credit. Each participant is responsible for evaluating whether the course content satisfies the necessary education requirements of his or her credential(s). Participants are also responsible for only claiming credit for the actual hour(s) of attendance.

Please keep this certificate in your file for future reference when reporting to the agencies with which you hold accreditation.



CERTIFICATE OF COMPLETION

Continuing Professional Education
NATIONAL ASSOCIATION OF ENROLLED AGENTS

10

NAEA ID: 266622
Chun Lee
6535 Steilacoom Boulevard Southwest
Lakewood, WA 98499

NAEA NATIONAL CONFERENCE
August 8-10, 2010
Las Vegas, NV

Please initial only the sessions you attended

NATIONAL TAX PRACTICE INSTITUTE (NTPI™)

Level 1

Rep Overview 3 CPE _____

Communicating 3 CPE _____

Intro to Collections 2 CPE _____

Intro to Exam 3 CPE _____

Engagement 1 CPE _____

E-Services 2 CPE _____

Intro to CI 2 CPE _____

Non-Filers 2 CPE _____

Intro to Appeals 3 CPE _____

Voluntary Collections 3 CPE _____

Tax Prep

Estate Taxes 4 CPE _____

Retirement 2 CPE _____

Tax Credits 2 CPE _____

Real Estate 2 CPE _____

Small Business 2 CPE _____

Net Operating Losses 2 CPE _____

Practice Ethics 2 CPE _____

National Conference Plenary Session

Plenary, Karen Hawkins, IRS 1 CPE _____

All levels of NTPI, the Graduate Representation courses and the Tax Prep courses qualify for both IRS and NAEA CPE; the Practice Management session (Tuesday) qualify for NAEA, but not IRS, CPE.

Level 2 24 CPE _____

Level 3

Ethical Dilemmas 2 CPE _____

Outer Limits 2 CPE _____

Authority to Investigate 2 CPE _____

Correcting 2 CPE _____

Appeals 4 CPE _____

Bankruptcy 2 CPE _____

Reconstruction 2 CPE _____

Trust Fund 2 CPE _____

Limitations 2 CPE _____

Advanced Collections 4 CPE _____

IRS CPE TOTAL	CPE <u>16</u>
----------------------	---------------

Practice Management 8 CPE _____
Qualifies only for NAEA CPE

NAEA CPE TOTAL CPE 24

16

Graduate Level in Representation

Tax Court 2 CPE _____

IRM 2 CPE _____

FOIA and Complex 2 CPE _____

Enforcement 2 CPE _____

CID Myths 2 CPE _____

Abatement 2 CPE _____

Reconsideration 2 CPE _____

Rep Ethics 2 CPE _____

Bankruptcy Ramifications 2 CPE _____

Seizure 2 CPE _____

Adv Appeals 2 CPE _____

Adv OIC 2 CPE _____

Program Field of Study: Taxes
Type of Instructional: Group live
NASBA Sponsor # 108268
IRS Sponsor # 16

(In accordance with the standards of the National Registry of the CPE Sponsors, CPE credits have been granted based on a 50-minutes hour)
I hereby certify that the above information is complete and accurate and that I have attended all of the sessions by which I have entered my initials.

Signature: _____

Date: Aug 10, 2010

Approved:

Gina D Jones

Gina Jones, EA
NAEA President

Washington
Accounting & Tax
Seminars

This is to certify that

having satisfactorily completed 4 hours (AA) in

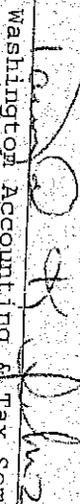
Fraud Anticipation & Detection

LAQUINTA - TACOMA, DECEMBER 10, 2009

is awarded this Certificate of Completion.

SEMINAR LEADER: MARY ANNE ATKINSON, PhD

Accounting & Auditing Credit Course


Washington Accounting & Tax Seminars

This program is designed and administered to qualify for the noted hours of credit. However, each participant is responsible for claiming credit only for the actual hours of attendance at group-study programs.

Certified Public Accountants wishing to maintain a record of their participation in continuing education programs should sign this certificate and maintain it in their files. It is designed to be used as a reference in certifying your completion of the Continuing Education Requirements of the State Board of Accountancy.

Washington
Accounting & Tax
Seminars

This is to Certify That

having satisfactorily completed 4 hours (AA) in

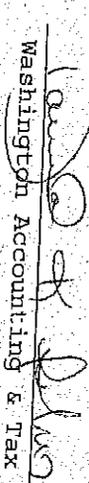
ETHICS

LAQUINTA - TACOMA - DECEMBER 10, 2009

is awarded this Certificate of Completion.

SEMINAR LEADER: MARYANNE ABRINSON, PHD

Accounting & Auditing Credit Course


Washington Accounting & Tax Seminars

This program is designed and administered to qualify for the noted hours of credit. However, each participant is responsible for claiming credit only for the actual hours of attendance at group-study programs.

Certified Public Accountants wishing to maintain a record of their participation in continuing education programs should sign this certificate and maintain it in their files. It is designed to be used as a reference in certifying your completion of the Continuing Education Requirements of the State Board of Accountancy.



Washington Association of Accountants
 Washington Association of Accountants
 P.O. Box 2016
 Edmonds, WA 98020-9516
 (800) 733-6286
 www.waa.org

13

Affiliate of the National Society of Accountants

Seminar CPE Certificate

Participant: Chun H. Lee

Address: 6535 Steilacoom Blvd. SW

City, State, Zip Lakewood, WA 98499

Subject Area: Ethics Level: Update Format: Live

Topic / Title: Gear Up Professional Ethics for EA's

Date: December 7, 2009

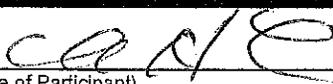
Speaker(s): Abe Carnow

Location, City, State, Zip: Emerald Downs, Auburn, Washington

Session Attended:

Evening, Day 1 CPE Credits: 2

TOTAL CPE Credits: 2

I certify that I attended the sessions indicated above: 
 (Signature of Participant)

Name of Participant: Chun H. Lee
 (Please Print Name)

Attendance verified by: 
 WAA Seminar Coordinator



Washington Association of Accountants
 Washington Association of Accountants
 P.O. Box 2016
 Edmonds, WA 98020-9516
 (800) 733-6286
 www.waa.org

14

Affiliate of the National Society of Accountants

Seminar CPE Certificate

Participant: Chun H. Lee

Address: 6535 Steilacoom Blvd. SW

City, State, Zip Lakewood, WA 98499

Subject Area: Tax Level: Update Format: Live

Topic / Title: Gear Up 1040 Individual Tax

Date: December 7-8, 2009

Speaker(s): Anthony Johnson and Abe Carnow

Location, City, State, Zip: Emerald Downs, Auburn, Washington

Session Attended:

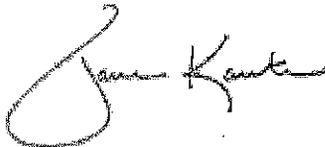
Morning, Day 1 CPE Credits: 4 Morning, Day 2 CPE Credits: 4

Afternoon, Day 1 CPE Credits: 4 Afternoon, Day 2 CPE Credits: 4

TOTAL CPE Credits: 16

I certify that I attended the sessions indicated above: 
 (Signature of Participant)

Name of Participant: Chun H. Lee
 (Please Print Name)

Attendance verified by: 
 WAA Seminar Coordinator

2009 Continuing Professional Education Credit Form & Certificate of Completion

Chun Lee
6535 Steilacoom Blvd Sw
Lakewood WA 98499

Sponsor:

Internal Revenue Service
Communications & Liaison
Office of National Public Liaison
1111 Constitution Avenue NW
Washington, DC 20224

15

Program:

2009 IRS Nationwide Tax Forum - San Diego, CA July 14-16, 2009

The field of study for all seminars listed is 'Taxation', the delivery method is 'group-live'.

- A Few S Corporation Fundamentals (F)
- Collection Alternatives - What You Can Do
- EITC Tips and Tools
- Everyone's at Risk - Combating the Increasing Threat of Online Fraud and Identity Theft
- Examination Audit Tools
- Federal Income Tax Treatment of Debt Workouts (F)
- International Issues for U.S. Citizens and Resident Aliens (F)
- Keynote Address
- New Home Sweet Home (F)
- Nuts and Bolts of a Like-Kind Exchange (F)
- Overview of 2009 Income Tax Law Changes (F)
- Schedule C Issues Facing the Tax Professional (F)
- Schedule E - the E Doesn't Stand for Easy (F)
- Taxpayer Consent Forms: What You Don't Know Can Hurt You
- Top Employment Tax Issues
- Understanding When a Taxpayer Should be Issued a Form W-2 vs. Form 1099 MISC

Ethics Credits: 0

Total Credits Earned: 16

(Seminars annotated with (F) also qualify for CE credits for Certified Financial Planners)

Please consult your state's accrediting agency for its rules on admissibility of these courses for credit. In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50 minute hour.

We have entered into an agreement with the Office of Professional Responsibility, Internal Revenue Service, to meet the requirements of the Federal Regulations, code 31 section 10.6(g), covering maintenance of attendance records, retention of program outlines, qualifications of instructors, and length of class hours. Our Sponsor Number is 776. It is our opinion that it also complies with the CPE standards for members of the American Institute of Certified Public Accountants. Your state board is the final authority for the number of credit hours allowed for a particular program. It is the responsibility of the attendee to understand and comply with state licensing CPE requirements. Seminars are sponsored by the Internal Revenue Service and instructed by qualified representatives of the Internal Revenue Service. The Internal Revenue Service is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. Web site: www.nasba.org.

NASBA Registration Number: 103214
OPR Sponsor Number: 776



Department of the Treasury
Internal Revenue Service
www.irs.gov
Form 9281 (Rev. 6-2005)
Catalog Number 124141

Rose J. Smith-Sparks

Rose J. Smith-Sparks
IRS Nationwide Tax Forum CPE Manager
Communications & Liaison
Internal Revenue Service
E-mail: taxforumcpe@irs.gov

2009



Monday, July 20, 2009

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the matter of the Certificate and/or
License(s) to practice as a Certified
Public Accountant of

Chun Hyong Lee, CPA

Respondent.

NO. ACB - 738

STIPULATION AND AGREED
ORDER

The Washington State Board of Accountancy (Board) and Chun Hyong Lee (Respondent) stipulate and agree as follows:

I. PROCEDURAL STIPULATIONS

1.1 Respondent is fully aware of the right to an administrative hearing to contest the Statement of Charges and Intent to Deny License issued by the Washington State Board of Accountancy in this matter. Respondent voluntarily waives the right to a hearing and all other rights which may be accorded the Respondent by the Administrative Procedure Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.

1.2 Respondent understands that, should the State prevail at hearing based on a statement of charges, the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's certified public accountant certificate or any individual or firm license to practice public accounting as a certified public accountant in Washington and may impose a fine plus the Board's investigative and legal costs in bringing charges or impose conditions precedent to renewal of the certificate or license.

1.3 Respondent wishes to expedite the resolution of this matter by means of this Stipulation and Agreed Order and does not desire to proceed to a formal hearing based on the issuance of a statement of charges.

1.4 The Respondent understands that the Stipulation and Agreed Order are not binding unless approved by the Board.

1.5 Should this Agreed Order be rejected, respondent waives any objection to the participation of any members of the Board, except consulting board member Edwin G. Jolicoeur, at a hearing on this matter.

1.6 The parties further stipulate to the following Findings of Fact, Conclusions of Law and Agreed Order:

II. FINDINGS OF FACT

2.1 Respondent Chun Hyong Lee (Respondent) was first issued a Certified Public Accountant (CPA) certificate and individual license, No. 7960, on March 26, 1982. On May 29, 1984, respondent registered with the Board his sole proprietorship, the CPA firm, Chun H. Lee CPA, under Unified Business Identifier (UBI) No. 600 458 197 and was issued Firm License No. 1027. From time to time, Respondent renewed these licenses with the Board. Respondent's address on file with the Board is 6535 Steilacoom Blvd. SW, Tacoma, WA 98499, and his telephone number of record is (253) 584-7779. No other person is licensed or registered with the Board at this address or with this telephone number.

2.2 Respondent provided business accounting and tax services to Pong Keun Rhee and Joon Col Rhee. During 1997 and continuing through on or about March 23, 2001, Respondent:

2.2.1 Knowingly and intentionally structured and assisted in structuring currency transactions for the purpose of evading a financial institution's statutory requirements to report currency transactions of more than \$10,000.

2.2.2 Assisted and/or counseled Pong Keun Rhee with respect to purchases of commercial properties. Respondent was aware that the funds used to purchase the properties were not reported as income to the IRS, and that the purchase price was artificially deflated, through undisclosed payments and by funneling through personal bank accounts and shell companies at least \$900,000 acquired through the illegal traffic in drugs.

2.2.3 Assisted Pong Keun Rhee and his sons, Joon Choi Rhee and Joon Sur Rhee, in preparing false financial and income tax documents, substantially understating the Rhee Family's income. These documents were then filed with the IRS to conceal the extent and the source of the Rhee Family's criminal proceeds.

2.3 On April 15, 2002, Respondent pled guilty to one count of violating 31 USC § 531(a), for structuring currency transactions and made the following statement regarding his involvement:

I am sorry for getting involved with handling cash in an improper manner. I know that as a trained accountant I, of all people, should have known better. I make no excuses for my mistake. I can only apologize to my loved ones, to the Court, and to the Government. I take my apology to the Government seriously. I am the only member of my family to come to the United States. I came to better my life in this country and to give something back as well as to receive. I served in the military, and I became a citizen. I am proud of my military service. I tried to be a good soldier, and I think I was. I am proud of my citizenship.

I am not proud of what I did to become involved in this case. There is no excuse or good explanation. I rationalized that I was helping a client, but I should have known where to draw the line. I am very sorry. I am ashamed and I feel stupid for my conduct. I punish myself every day for what I have done and for how I have hurt my character and my family.

2.4 On October 4, 2002, the United States District Court, Western District of Washington, sentenced Respondent to twenty-seven (27) months imprisonment, a fine of \$7,500, \$100 penalty assessment, and three years supervised release based on Respondent's April 15, 2002, plea of guilty to one count of structuring currency transactions. During the three-year period of supervision, Respondent will be required to participate in a substance abuse treatment program; submit to a search of his person, residence, office, property, storage unit or vehicle; provide access to financial information, including credit checks and Federal Income Tax Returns; allow inspection of computers operated or owned by the Respondent; and notify Respondent's probation officer of all computer software owned or operated by the Respondent during the course of supervision.

2.5 On November 12, 2002, Respondent filed with the Secretary of State for the State of Washington (Secretary) an application to form, effective January 1, 2003, a professional limited liability company, "Lee & Associates CPA, PLLC", with a principal place of business at 6535 Steilacoom Blvd. SW, Lakewood, WA 98499. The address "6535 Steilacoom Blvd. SW, Lakewood, WA 98499" is the same location as "6535 Steilacoom Blvd. SW, Tacoma, WA 98499" Respondent provided his name and telephone number (253) 584-7799 as the person to contact about the filing. The application was executed by Respondent, Kyong I. Yu, and Kwang Mok Lee, indicating the management of the firm is vested in one or more managers. Respondent listed his address as 6535 Steilacoom Blvd. SW, Lakewood, WA 98499. Kyong I. Yu listed an address of 12402 6th Ave. Ct. NW, Gig Harbor, WA 98332. Kwang Mok Lee listed an address of 13220 SE 52nd Pl, Bellevue, WA 98006. The Secretary issued a Certificate of Formation to Lee & Associates CPA, PLLC, on November 12, 2002, under UBI No. 602247696. Respondent did not notify the Board of the formation of this company nor seek licensure for it.

2.6 Kyong I. Yu is not licensed or registered with the Board under chapter 18.04. RCW in any capacity and has not been so licensed or registered at any time relevant to this proceeding.

2.7 Kwang M. Lee was first issued a Certified Public Accountant (CPA) certificate and individual license, No. 21322, on May 18, 2000, and has renewed it from time to time. The individual license is current through June 30, 2010. On February 21, 2001, Kwang M. Lee registered his CPA Firm as K. M. Lee CPA, PS under Firm License No. 4261. On January 30, 2003, the Board received from Kwang M. Lee a firm license amendment stating that K. M. Lee CPA, PS closed on December 31, 2002, and the Board then cancelled that firm license. On January 24, 2005, the Board received an application from Kwang M. Lee to license the CPA firm "Lee CPA PS Inc" under UBI No. 602 462 712 and the Board issued Firm License No. 4796 on February 2, 2005 to Lee CPA PS Inc. On November 2, 2005, the Board received from Kwang M. Lee a Relinquishment of Firm License, to which was attached Firm License No. 4796 and the Board then cancelled that firm license. At no time has Kwang M. Lee been registered or licensed with the Board as an owner of any other CPA firm.

2.8 At about the same time as Respondent applied to form, effective January 1, 2003, the professional limited liability company, Lee & Associates CPA, PLLC, Respondent closed his sole proprietorship, Chun H. Lee CPA, UBI No. 600 458 197, effective December 31, 2002. Respondent did not notify the Board of his cessation of business as a sole proprietorship and the closing of his UBI No. 600 458 197 account.

2.9 On February 21, 2003, a Statement of Charges was issued and served on Respondent, alleging that Respondent violated RCW 18.04.295 and WAC 4-25-610, WAC 4-25-620, WAC 4-25-631, WAC 4-25-650, and/or WAC 4-25-910 through his conduct

and resulting conviction described in Paragraphs 1.2 through 1.4 of this Amended Statement of Charges.

2.10 On March 7, 2003, Respondent appeared through attorney William R. Michelman and filed an Answer to Statement of Charges, in which he denied all allegations in the Statement of Charges and requested a hearing.

2.11 On March 26, 2003, Respondent submitted to the Board an incomplete application to renew his Firm License No. 1027, indicating he was renewing his sole proprietorship, Chun H. Lee CPA, UBI No. 600 458 197 and that he was the only CPA in the firm.

2.12 On November 10, 2004, Lee & Associates CPA, PLLC filed with the Secretary a Limited Liability Company License Renewal and Annual Report. This document indicates the nature of the business is "Service – Accounting" and bears a signature of Kyong I. Yu, Member, and lists Yu and Respondent as the only members. The contact telephone number is again listed as (253) 584-7799. The principal place of business, Respondent's address, and Yu's addresses on this filing are the same as on the original application described in Paragraph 1.5 of this Amended Statement of Charges. The License was renewed with an expiration date of November 30, 2005. Respondent still failed to apply to the Board to license this firm.

2.13 A hearing in this proceeding was duly noted for April 28, 2005, but was continued to January 2006, at Respondent's request. Upon the parties' stipulation, the Board entered an Order Granting Motion to Continue Hearing On Condition of Surrender of Licenses on April 22, 2005. The Order suspends Respondent's licenses and requires Respondent to otherwise fully comply with the Public Accountancy Act, particularly, the prohibitions against practicing public accountancy and/or holding out.

2.14 On December 7, 2005, the Board received information from the Washington State Department of Revenue (DOR), which included copies of facsimile (fax) cover sheets and handwritten information thereon received by DOR from Lee & Associates CPA, PLLC. The fax cover sheets bear the name "Lee & Associates CPA, PLLC" with the address 6535 Steilacoom Blvd. SW, Lakewood, WA 98499 and telephone numbers "Tacoma (253) 584-7799 and Seattle (206) 824-2320, and Fax (253) 582-9318 in letterhead style. One such fax cover sheet, transmitted to DOR on May 17, 2005, indicates the transmittal is from "Chun H. Lee CPA" Two other such fax cover sheets, transmitted to DOR on April 29, 2005, and on August 9, 2005, indicate the transmittal is from "Lee & Associates CPA"

2.15 On December 9, 2005, the Board's Executive Director wrote to Respondent requesting his explanation regarding these transmittals.

2.16 On December 14, 2005, Lee & Associates CPA, PLLC filed with the Secretary Articles of Amendment Limited Liability Company, amending the name of the company from "Lee & Associates CPA, PLLC" to "Lee, Yu & Associates, PLLC." Respondent is identified as the contact person. The document is signed by Member Kyong I. Yu. On this same date, after having received a Delinquency Notice for failure to timely renew the license that expired November 30, 2005, Lee & Associates CPA, PLLC filed with the Secretary a Limited Liability Company License Renewal and Annual Report. This document indicates the nature of the business is "tax and accounting service" and that the company is managed by managers. The document bears a signature of Kyong I. Yu, Member, and lists Yu and Respondent as the only members. The contact telephone number is again listed as (253) 584-7799. The principal place of business, Respondent's address, and Yu's addresses on this filing are all the same, i.e., 6535 Steilacoom Blvd. SW, Lakewood, WA 98499.

2.17 On December 19, 2005, the Board received a letter from Respondent's attorney, William R. Michelman, in response to the December 9, 2005 inquiry of the Executive Director, referenced in Paragraph 1.3. Through his attorney, Respondent asserts the "Lee" in "Lee & Associates CPA, PLLC" refers not to himself, but to Kwang M. Lee, CPA, who he asserts is a partner in and an employee of the firm, Lee & Associates CPA, PLLC. To support that assertion, Respondent enclosed several documents, including:

2.17.1 A copy of a document Respondent asserts is on file with the Board. The document is the second page of a two-page Firm Licensing Form, no longer in use by the Board, used to list partners, shareholders or members licensed to practice in Washington. The document lists "Chun H. Lee" but does not indicate an address or Washington Certificate number. The document lists "Kwang M. Lee" with an address of 13220 SE 52nd Pl, Bellevue, WA 98006 and Certificate No. 21322. The document appears to signed by Kwang M. Lee at Bellevue, WA, but is not dated. No such document has been filed with Board.

2.17.2 A copy of a letter dated November 23, 2005, on letterhead bearing the name "Lee & Associates CPA, PLLC" and the signature of Respondent above the words "Chun H. Lee Managing Partner."

2.17.3 A copy of Internal Revenue Service Form 941 purported to be a copy of the 3rd quarter 2005 return filed with the Service by Lee & Associates CPA, PLLC showing seven employees. The document bears no signatures.

2.17.4 A copy a Washington State Employment Security Department Quarterly Tax Summary for Lee & Associates CPA, PLLC, which identifies seven employees, without regard to type, including Respondent and Kwang M. Lee.

2.18 Lee & Associates CPA, PLLC, is not currently licensed as a CPA firm and has not applied for licensure nor been licensed with the Board at any time.

Based on the foregoing Findings of Fact, the Board makes the following:

III. CONCLUSIONS OF LAW

3.1 The facts described in Paragraphs 2.2 through 2.4 above constitute violations of RCW 18.04.295 (1997) and RCW 18.04.295 (2001), WAC 4-25-610, WAC 4-25-620, WAC 4-25-631, WAC 4-25-650, and/or WAC 4-25-910.

3.2 The facts described in Paragraphs 2.5 through 2.8, 2.11, and 2.12 above constitute violations of RCW 18.04.295(2), (3), and (8) (2001) and (2003); RCW 18.04.345(2) and (3) (2001), and WAC 4-25-750.

3.3. The facts described in Paragraph 2.14 above constitute violations of RCW 18.04.295(2), (3), and (11) (2004) and RCW 18.04.345(2).

3.4 The facts described in Paragraph 2.17 above constitute violations of RCW 18.04.295(1) and (2) and WAC 4-25-910(5).

3.5 The violations described in Paragraphs 2.1 through 2.4 above constitute grounds for the denial, revocation, suspension, or refusal to renew the Respondent's Certified Public Accountant certificate and/or any license of the Respondent and the imposition of a fine plus the Board's investigative and legal costs pursuant to RCW 18.04.295 and chapter 18.04 RCW.

IV. AGREED ORDER

Based on the Agreed Findings of Fact and Conclusions of Law, Respondent agrees to entry of the following Order:

4.1 Respondent's CPA certificate and individual and firm licenses to practice public accounting are hereby suspended. This suspension is effective from the date Respondent was

convicted of violating 31 USC § 5313(a), which was October 4, 2002, and thereafter until

Respondent:

4.1.1 Complies with all the then current requirements of eligibility as an applicant for a reinstated Washington CPA certificate and license, including but not limited to the then current continuing education requirements.

4.1.2 Pays the Board a fine in the amount of \$10,000.

4.1.3 Pays the Board the amount of \$1,750 to reimburse the Board's investigative and legal costs in bringing the charges herein.

4.1.4 During the period after the acceptance and entry of this Order Respondent shall not otherwise violate any provisions of chapters 18.04 RCW or 4-25 WAC.

4.1.5 Satisfies any other requirement imposed by the Board as a condition for reissuance of the licenses.

4.2 Respondent will be eligible to apply for reissuance of his license on October 4, 2012.

4.3 Respondent shall not use the designation "CPA" or "certified public accountant" or hold himself out as a "CPA" or "certified public accountant" until his license has been reissued.

4.4 The Board will publish the terms of this Stipulation and Agreed Order.

4.5 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW or chapter 4-25 WAC. Any violations of such chapters or this Order constitute independent grounds for the denial, suspension, revocation or refusal to renew the Respondent's certificate and/or license(s).

I, CHUN HYONG LEE, certify that I have read this Stipulation and Agreed Order in its entirety; that I fully understand and agree to all of it, and that it may be presented to the Board

without my appearance. If the Board accepts the Stipulation and Agreed Order, I understand that I will receive a signed copy.

DATED this 18th day of Sep, 2007.


Chun Hyong Lee
Respondent

V. ORDER

The Board accepts and enters this Stipulation and Agreed Order.

DATED this 28th day of Sep, 2007.

WASHINGTON STATE
BOARD OF ACCOUNTANCY


Sharron J. O'Donnell, CPA
Chair

2012 CPE Audit

- The 2012 CPE Audit concluded on December 12, 2012
 - 125 Individuals were selected for the Audit
 - 119 Passed
 - 6 Failed
-

- 110 Licensees
 - 105 Passed
 - 5 Failed
 - 2 For failure to respond
 - 1 For failure to complete Washington Ethics
 - 2 For failures of 16 hours or greater
- 15 Certificate holders
 - 14 Passed
 - 1 Failed

CPE Audit Comparison

• POPULATION

○ 2007 - 4015	
▪ Certificateholders	765
▪ Licensees	3248
▪ NL Firm Owner	2
○ 2008 - 952	
▪ Certificateholders	16
▪ Licensees	931
▪ NL Firm Owner	5
○ 2009 - 5536	
▪ Certificateholders	855
▪ Licensees	4679
▪ NL Firm Owner	2
○ 2010 - 5332	
▪ Certificateholders	698
▪ Licensees	4629
▪ NL Firm Owner	5
○ 2011 - 1466	
▪ Certificateholders	21
▪ Licensees	1380
▪ NL Firm Owner	4
○ 2012 - 5095	
▪ Certificateholders	535
▪ Licensees	4558
▪ NL Firm Owner	2

• PULLED FOR AUDIT

○ 2007 – 147 - 3.6%	
▪ Certificateholders	34-4%
▪ Licensees	113-3%
▪ NL Firm Owner	0-0%
○ 2008 – 167 -17.5%	
▪ Certificateholders	6-38%
▪ Licensees	161-17%
▪ NL Firm Owner	0-0%
○ 2009 – 153 - 2.7%	
▪ Certificateholders	14-2%
▪ Licensees	139-3%
▪ NL Firm Owner	0-0%
○ 2010 – 190 - 3.5%	
▪ Certificateholders	43-6%
▪ Licensees	147-3%
▪ NL Firm Owner	0-0%
○ 2011 – 127 - 8.6%	
▪ Certificateholders	3-1.4%
▪ Licensees	124-9%
▪ NL Firm Owner	N/A
○ 2012 – 125 -2.5%	
▪ Certificateholders	3-1.4%
▪ Licensees	124-9%
▪ NL Firm Owner	N/A

• RESULTS

○ 2007	
▪ Passed	107-73%
▪ Failed-Enforcement	17-11%
▪ Failed-Admin notice	23-16%
○ 2008	
▪ Passed	131-79%
▪ Failed-Enforcement	12-7%
▪ Failed-Admin notice	24-14%
○ 2009	
▪ Passed	136-89%
▪ Failed-Enforcement	8-5%
▪ Failed-Admin notice	9-6%
○ 2010	
▪ Passed	180-95%
▪ Failed-Enforcement	10-5%
▪ Failed-Admin notice	0-0%
○ 2011	
▪ Passed	119-94%
▪ Failed-Enforcement	8-6%
▪	
○ 2012	
▪ Passed	119-95%
▪ Failed-Enforcement	6-5%
▪	

Request Review Committee Report January 22, 2013

Karen Saunders, CPA, Chair

During the 4th quarter 2012, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE Extensions exceeding 16 CPE credit hours – All CPE extension requests were due on or before December 31, 2012.

57 requests for hours 17 or over

- 37 requests were approved
- 2 requests were approved due to natural disasters
- 4 requests were withdrawn due to completion of hours prior to 12/31/12
- 2 requests were withdrawn due to the individual determining they did not meet the requirements for extension
- 12 request were denied and set to the pre-lapsed status for reinstatement requiring \$250 additional application fee

Firm Names: *Approved:*

- | | |
|-----------------------------------|---|
| • Action Tax Service LLC | • JT Bolander CPA, PLLC |
| • Aretino Advisory Group PS | • MLJackson CPA LLC |
| • CohnReznick LLP | • Patricia Pich, CPA Accounting and Consulting Services |
| • CPA Enterprise Solutions LLC | • Price and Associates CPAS, LLC |
| • EM & Co. | • Raincity CPA LLC |
| • GDM Private Financial Solutions | • Reck & Associates, PLLC |
| • HDW Bookkeeping | • Shields Tax & CPA PLLC |
| • Houck Evarts & Company LLC | • Thesman Professional Services P.C |
| • HS Mayken Co, LLC | • Viridian & Company PLLC |
| • Ideal CPAs & Advisors | |
| • Ishii & Associates, LLC | |

Late Fee Waivers – No activity during 4th quarter 2012.

Professional/Educational Organization – Recognition Requests:

Recognized: Lawline.com

Domestic or International Education Credential Evaluation Services – Applications:

During the 3rd quarter 2012, the Board received a request for recognition as an international education credential evaluation service from Educational Records Evaluation Service, Inc. (ERES). Board staff is currently evaluating the request. The Board didn't receive any requests during the 4th quarter 2012.

Investigation Statistics

Historical data: January 1990 through December 31, 2012

Year Opened	Number of Cases Opened	Number of Cases Closed
1990	79	68
1991	79	81
1992	83	83
1993	76	80
1994	83	67
1995	79	62
1996	78	91
1997	83	85
1998	93	109
1999	58	71
2000	33	40
2001	50	33
2002	45	58
2003	83	62
2004	144	92
2005	83	85
2006	131	64
2007	143	176
2008	90	99
2009	130	76
2010	99	182
2011	82	133
2012	64	75

As of December 31, 2012:

Active Cases: **26**
Pending Cases: **5**
Total Open Cases **31**

**Washington State Board of Accountancy
Case Status Report**

	<u>2010</u>	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>	<u>12/31/11</u>	<u>2011</u>	<u>03/31/12</u>	<u>06/30/12</u>	<u>09/30/12</u>	<u>12/31/12</u>	<u>2012</u>
Beginning Cases	176	93	66	51	48	93	42	28	23	64	42
Cases Opened	99	18	19	30	15	82	7	4	42	11	64
Cases Closed	<u>-182</u>	<u>-45</u>	<u>-34</u>	<u>-33</u>	<u>-21</u>	<u>-133</u>	<u>-21</u>	<u>-9</u>	<u>-1</u>	<u>-44</u>	<u>-75</u>
Remaining Cases	<u>93</u>	<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>	<u>42</u>	<u>28</u>	<u>23</u>	<u>64</u>	<u>31</u>	<u>31</u>
Cases 07 and Older	14	10	6	5	3	3	2	2	2	2	2
Cases 09 and Newer	<u>79</u>	<u>56</u>	<u>45</u>	<u>43</u>	<u>39</u>	<u>39</u>	<u>26</u>	<u>21</u>	<u>62</u>	<u>29</u>	<u>29</u>
Totals	<u>93</u>	<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>	<u>42</u>	<u>28</u>	<u>23</u>	<u>64</u>	<u>31</u>	<u>31</u>
Investigation Completed:											
Attorney General		11	7	5	1		4	3	3	1	
CBM		9	4	0	10		10	4	7	7	
S&AO		23	11	7	7		2	2	15	3	
CBM Dismissals		0	1	1	2		1	0	0	0	
		43	23	13	20		17	9	25	11	
Investigation In Progress:											
<u>Complaint Files</u>											
Active Investigation		19	17	17	11		5	9	9	15	
<u>Agency Files</u>											
QAR		0	2	8	0		0	0	25	0	
CPE		0	4	6	7		1	0	0	0	
Admin		0	0	0	0		0	0	0	0	
		0	6	14	7		1	0	25	0	
Total		<u>62</u>	<u>46</u>	<u>44</u>	<u>38</u>		<u>23</u>	<u>18</u>	<u>59</u>	<u>26</u>	
Active		62	46	44	38		23	18	59	26	
Pending		4	5	4	4		5	5	5	5	
Total		<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>		<u>28</u>	<u>23</u>	<u>64</u>	<u>31</u>	
Classification:											
Code of Conduct		22	17	11	12		8	6	7	6	
Competency		11	10	11	13		9	10	12	16	
Title		6	6	2	1		1		1	2	
Fraud		7	6	9	6		7	6	5	4	
		46	39	33	32		25	22	25	28	
Administrative											
QAR		8	5	8	1		0	1	39	1	
CPE		12	7	7	9		3	0	0	2	
		<u>20</u>	<u>12</u>	<u>15</u>	<u>10</u>		<u>3</u>	<u>1</u>	<u>39</u>	<u>3</u>	
Total		<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>		<u>28</u>	<u>23</u>	<u>64</u>	<u>31</u>	
Closed cases:											
Revocation - PH*		5	0	1	2	1	4	1	0	2	3
Suspension - PH*		8	4	6	3	3	16	1	2	0	4
Suspension - Other								2	0	2	4
Practice restriction - PH*		3	2	2	0	0	4	1	0	0	1
SAO-Fine/costs/other sanctions - PH*								1	0	1	2
Reinstatements		0	1	1	0	1	3	0	0	0	0
SAO-Fine/costs/other sanctions		68	24	13	7	9	53	3	3	0	15
Dismissals		57	12	8	12	1	33	9	2	0	14
Dismissals - PH*											1
Admin Sanctions		<u>41</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>6</u>	<u>20</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>26</u>
Total		<u>182</u>	<u>45</u>	<u>34</u>	<u>33</u>	<u>21</u>	<u>133</u>	<u>21</u>	<u>9</u>	<u>1</u>	<u>44</u>
Other:											
Complaints received not opened		<u>56</u>	<u>10</u>	<u>8</u>	<u>5</u>	<u>21</u>	<u>44</u>	<u>10</u>	<u>8</u>	<u>9</u>	<u>34</u>
PCAOB/Peer Review Monitoring			<u>29</u>	<u>25</u>	<u>20</u>	<u>25</u>	<u>23</u>	<u>25</u>	<u>25</u>	<u>25</u>	
Administrative Sanctions-CPE		<u>255</u>									
Failures under 16 hours											

* Public Harm

Investigation Results/Statistics

2012

In carrying out its mission "to promote dependable, accessible financial information" the Board is responsible for investigating complaints against CPAs, CPA-Inactive certificateholders, and CPA firms. Complaints can originate from clients, other CPAs, federal or state regulators, or identified through agency oversight and review programs. Complaints result from allegations of technical errors, or ethical or legal violations. The Board has closed 75 cases during 2012. Complaints or inquiries originated from the following sources:

Source of Complaint		
Agency oversight programs/Board initiated	55	73%
Clients	12	16%
Employer/Employee	1	1%
Other CPAs		
Media		
Miscellaneous	4	5%
Anonymous		
Federal, state, local or foreign jurisdiction	3	4%
Self-reported		
Non-governmental professionally related standard-setting entity		
Total	75	

The 75 cases closed during 2012 resulted from the following allegations:

Administrative		
Failure to change address		
Failure to respond to Board oversight/inquiries	6	8%
Request for reinstatement of suspended license/certificate		
Code of Conduct		
Conflicts	2	3%
Confidentiality		
Failure to complete engagement	3	4%
Failure to pay individual federal income taxes		
Independence		
Misrepresentations/fees		
Professional misconduct	3	4%
Records retention	2	3%
Competency		
Noncompliance with technical standards including Quality Assurance Review	35	47%
Sanction/denial of practice privilege by a federal, state, local or foreign jurisdiction		
Sanction by non-governmental professionally related standard-setting entity		
Tax reporting errors	4	5%
Tax Lien USA Treasury	1	1%
CPE		
Failure to substantiate CPE on audit	9	12%
Failure to substantiate CPE on renewal	2	3%
Fraud		
Embezzlement	5	7%
Theft		

**Washington State Board of Accountancy
Case Status Report**

09/30/12 12/31/12

Developing and Developed Cases		
Cases in Development	16	20
Investigations Awaiting Action	3	5
Developed Cases Moved Forward		
Attorney General	3	1
CBM	42	5
Total	64	31

Aging of All Developing and Developed Cases		
>4 years	2	2
>3 years, < or = 4 years	1	1
>2 years, < or = 3 years	2	4
>1 year, < or = 2 years	9	7
< 1 year	50	17
Total	64	31

Classification of All Developing and Developed Cases		
Public Harm		
Negligent Performance of Attest	5	5
Negligence, Incompetence, Disregard	12	12
Use of Restricted Titles	1	2
Borrowing, Theft, Embezzlement Breach of Fiduciary Duty	5	3
Breach of Confidentiality		0
Records Retention Causing Harm	1	3
Administrative		
QAR	39	1
CPE under 16 hours		1
CPE over 16 hours	0	1
Good Character Evaluation	1	3
Total	64	31

Investigations Closed - Disposition By		
Board Order	1	0
S&AO	0	14
Administrative Sanctions	0	26
Dismissals	0	4
Total	1	44

Results of Board Actions for Closed cases:		
Revocation - PH*	0	2
Suspension - PH*	0	1
Suspension - Other	0	2
Practice restriction - PH*	0	0
SAO-Fine/costs/other sanctions - PH*	1	0
Reinstatements	0	0
SAO-Fine/costs/other sanctions	0	9
Dismissals	0	3
Dismissals - PH*		1
Admin Sanctions	0	26
Total	1	44

* Public Harm

Other:		
Under evaluation	15	28
Complaints Dismissed	9	7
PCAOB/Peer Review Monitoring	25	25