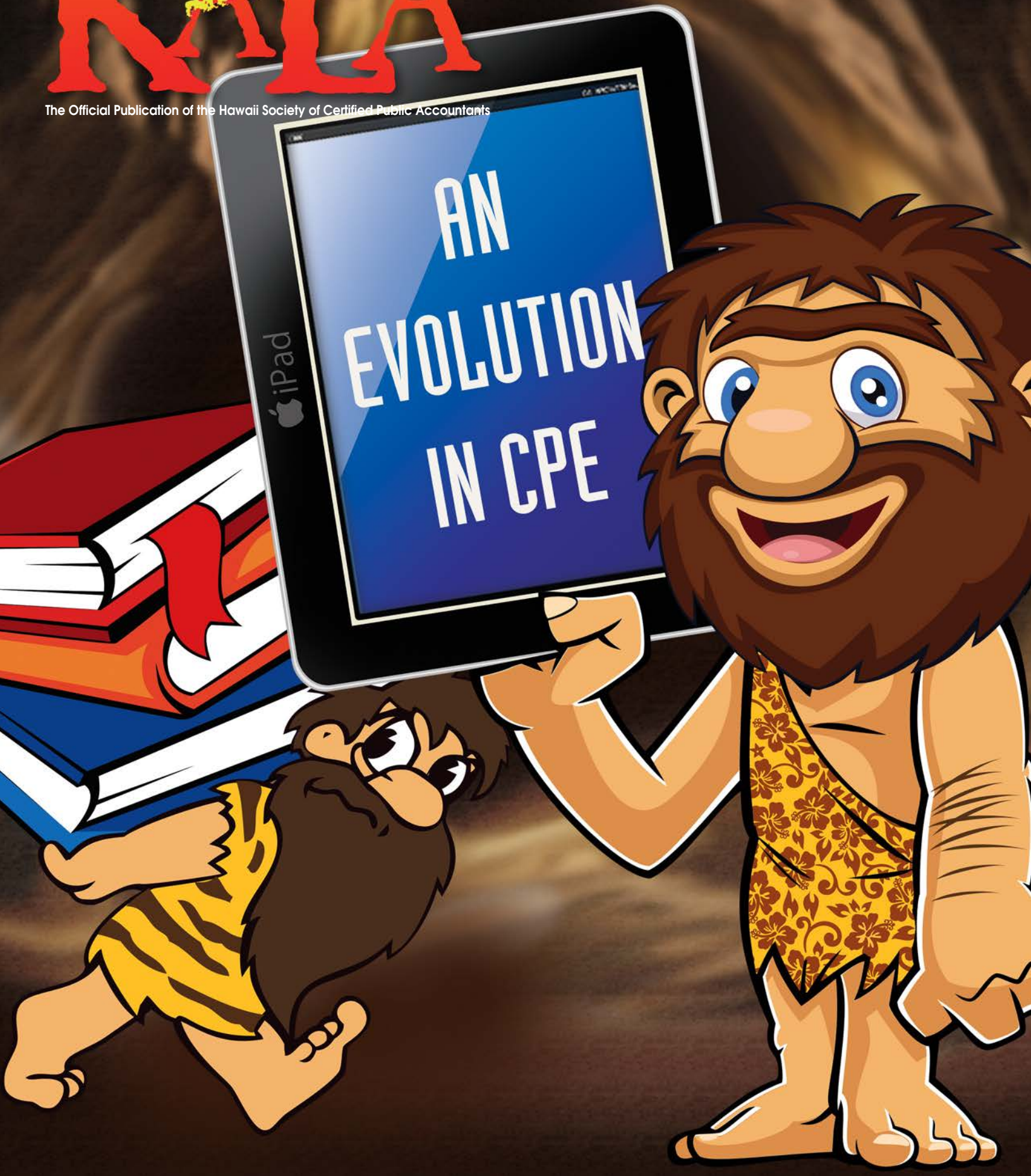


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President's Message

By Michael Tanaka

Aloha, Members!

It has been an honor and pleasure serving as your President this past year. Like other past presidents, I, too, will miss keeping you informed about the HSCPA and the CPA profession in future KALA editions. I know Gordon Tom, President-elect, will enjoy doing the same and will do a terrific job in leading us during his term.

The 2013–2014 year was a busy and interesting year. The year began with the option of going green and using your electronic devices for our continuing education courses. We then had the AICPA release of the Financial Reporting Framework for Small- and Medium-Sized Entities, followed by the opening of the Hawaii Health Connector, then the release of our refreshingly new website. The holiday season whizzed by, then the roll-out of KALA in electronic format (no more paper mail-outs!), followed by “busy season” and the legislative session.

Although we drafted legislation this past January on individual mobility for CPAs, the Hawaii Legislature was unfortunately not willing to hear this matter. We are planning to continue our efforts and hopefully join the other 49 states in adopting a mobility provision during the next legislative session. Thank you to **Ron Heller** for his continued assistance in helping us draft this proposed legislation!

As you may have already noticed, our CPE calendar is now available on our website (no more paper mail-out of the Professional Development catalog!). Please review the many interesting courses and course descriptions being offered. Also, be on the lookout for our periodic and popular breakfast and brown-bag sessions. Please note that printed seminar materials will now cost \$20 and must be ordered at least 5 days prior to the scheduled seminar.

Just a reminder to please also consider attending our 54th Annual Conference on Friday, June 20th. Early registration and a \$50 discount is available through Friday, June 6th. This year, we are very fortunate to have **Barry Melancon**, AICPA President and CEO, join us to share his thoughts on the key issues concerning our profession. Barry last spoke at our conference six years ago and his schedule is normally booked so this will be a good opportunity to meet and hear him speak so passionately about our profession. We are also lucky to have **David Heenan**, Trustee of the Estate of James Campbell, and **Tom Simon**, FBI Special Agent, who I hear are also both interesting and excellent speakers. In addition, we look forward to saluting **Gary T. Nishikawa**, **Garrett K. Serikawa**, and **Keiji Tshako**, to this year's HSCPA Legacy Hall of Fame, as well as recognizing **Warren Wee** for his Distinguished Achievement in Accounting Education.

Before closing, I would like to thank each and every board member for volunteering their time and effort in continuing to promote and carry on the mission of the HSCPA. I have learned a lot from them and have been very impressed with their passion and dedication to our profession. I would also like to thank the Y-CPA squad and committee members for continuing their many fun activities and for helping inform and excite students about our dynamic profession. A huge mahalo also to **Kathy** and **Debbie** for all of their hard work and support in efficiently running our HSCPA office and especially for all the extra time they put in to transition us into the digital realm. Finally, I'd like to thank **Vicki Shinsato**, N&K HR Manager/Recruiter, for reading through all of my KALA messages and trying her best to correct my grammar.

In closing, I'd like to thank all of our roughly 1,500 members for their continued support of the HSCPA and encourage each of you to submit an updated photo of yourself on our website. Some of my firm members suggested that I update my photo with the one below.

Aloha and best wishes to you all!





AN EVOLUTION IN CPE

Integrating the Tablet, Wi-Fi, and the Cloud New learning model takes onsite CPE to the next level of engagement

By John H. Higgins, CPA.CITP, Strategic Advisor, CPA Crossings, LLC

Continuing Professional Education (CPE) is a required component of an accounting professional's life, and today there is no shortage of online and onsite sessions available. Both types of CPE learning, that is face-to-face and web-based, provide attendees with valuable, timely information required to remain current in such areas as tax law, compliance, client data security, technology, and more. And while online sessions have gained momentum over the past few years based on convenience and affordability, the effectiveness of live onsite learning cannot be overstated.

The onsite learning model is a long-standing, tested and proven platform for interactive and rich exchange of information. Unlike online forums, onsite education provides participants with a level of energy and discussion that is difficult to reproduce in a web-based environment. And now, with the introduction of a new learning model that integrates electronic tablets, Wi-Fi, and the Cloud into the education process, on-ground CPE is positioned to accelerate participant engagement to a whole new level.

Converging Technologies and the New Learning Model

The convergence of electronic tablets (for example, Apple's iPad) Wi-Fi, and cloud computing have enabled the transformation of today's onsite CPE delivery. Learners no longer need to be saddled with cumbersome manuals. Tablet-based learning eliminates the need for paper

and pencils, allowing students to follow a presenter and participate in interactive exercises through a Wi-Fi-powered device. Annotation functionality allows learners to take notes directly on the tablet. This advanced new CPE model also supports electronic delivery of post-session resources. At the completion of a workshop, students are emailed a link to



the course materials, complete with personal notes. The entire learning experience is completely paperless.

Also consider the potential for heightened learner engagement. Working interactively via a hand-held tablet eliminates the need for traditional PowerPoint presentations, which tend to only support one-way discussion—presenter to participants. Tablet learning opens up a world of opportunity to create a far more dynamic learning environment—for example, by including polling questions and interactive charts and graphs within course sessions.

In comparison, consider the following example of a traditional CPE workshop experience:

An accounting professional attends a typical CPE-based seminar or conference. Chances are high that the presenter facilitates the session using a standard PowerPoint presentation and supplies attendees with paper copies of slides and manuals. Notes are taken manually, and all paper copies are transported back to the practitioner's office and filed among volumes of other paper—likely to not be viewed again.

This scenario should sound familiar. In fact, it's too familiar for many accounting professionals, which is why so many have turned to online CPE modules. With the new model firmly in place, tides may turn again—enticing professionals to attend onsite events over web-based sessions. Tablet-based learning takes onsite courses to a new level—pairing the synergy onsite forums innately offer with advanced technology for learning that is fun, engaging, and two-way.

The immense value of the new onsite learning model will become more apparent as more practitioners take part in these advanced learning forums. Consider all the benefits:

- Eliminates the need for paper manuals and copies of presentations.
- Provides learners with convenient electronic versions of annotated course

Continued on page 6

Continued from page 5

materials for easy retrieval and review.

- Enables two-way, interactive dialogue during sessions via such features as polling questions.
- Offers course materials within a high definition display, supporting vivid, multi-color collateral (also eliminates the high cost of printing color materials).
- Eliminates capacity restrictions. Presenters can download as much material as needed to tablets.
- Provides advanced functionality to customize the learner experience—

Tablets enable learners to zoom in or out, create bookmarks and links to information, quickly conduct searches for specific information, and take notes using intuitive annotation tools.

For course developers and presenters, this new model eliminates the reliance on paper, while also opening the door to many updated features such as easy implementation of video, audio, and web content. It also expands the shelf life of course materials, allowing real-time updates to materials when needed. For participants, the combination of interactive tools and resources and two-way

interaction promises a much richer and engaging learning experience. The new era of onsite CPE learning has begun!

John Higgins, CPA.CITP, is a strategic advisor for CPA Crossings, LLC—a leading technology solutions consulting firm that offers a comprehensive catalog of CPE topics for State CPA Society members and the broad accounting profession. John is also a regular contributor to CPA Practice Advisor. For more information on the tablet-based CPE learning model, contact John at higgins@cpacrossings.com.

Y-CPAs Doing Good at the Hawaii Foodbank



It was great to see 20 Y-CPAs bright and early in the morning on Saturday, May 3rd, to volunteer their time at the Hawaii Foodbank. After a successful food drive, the Foodbank needed help sorting the tons of food that they had received. The group was required to watch a short video on proper salvaging and sorting of non-perishable food and other items. After the video and

breakfast, specific instructions were given on sorting, salvaging and re-packing food items in preparation for distribution.

Thank you to the Y-CPAs who participated in this annual community service event at the Hawaii Foodbank. We appreciate your giving back to the community!



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(From left to right) 1. Annalisa Vito, Accounting Supervisor 2. Michael Luning, Outside Sales - Food Service
3. Felicidad Asato, Order Desk Supervisor - Retail 4. Ernest McKeague, Warehouse Day - Receiving 5. Evangeline Dela Cruz, Production Supervisor
6. Judy McDonald, President 7. Kyle Shelly, their Banker

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SMEs Driving & Adopting Sustainable Business Strategies

Have you wondered why accounting has become so entwined with sustainability? They actually have a lot in common. With rising energy prices and growing consumer demand, there are increasing reasons for small and medium-sized enterprises (SMEs) to adopt sustainability strategies.

Emphasizing Sustainability Improves Profitability & Much More

Reasons for adopting sustainability may vary from company to company, but all have found that emphasizing sustainability improves their profitability, generates greater loyalty and commitment from employees, and cements relationships with customers and suppliers. In fact, a recent Lloyds TSB survey found that 70% of SMEs are adopting a sustainable approach in order to secure new business, while 54% are becoming sustainable to save money.

The AICPA and CIMA, under the Chartered Global Management Accountant® (CGMA®) designation have released Top Ten Key Elements to Sustainable Business Practices in SMEs, which draws together case studies and key lessons from small businesses across the UK, US and Canada. The report provides a real-life picture of how sustainability impacts the bottom line and shows how finance can harness sustainability strategy to achieve commercial benefits.

Below is a snapshot of the major points in the report:

Top Ten Key Elements

1. **Take a broad view of sustainability.**
Engage outside expertise to ensure that your company considers every

aspect of sustainability, not just environmental issues. You can achieve this by having open discussions with all stakeholders, including customers and suppliers, and being willing to share information to come up with innovative solutions to reduce emissions and increase efficiency.

2. **Define in detail what sustainability means to your company.** Embrace industry-wide initiatives by engaging with peer organizations to achieve sustainable goals and sharing best practices with organizations that face the same challenges. However, don't limit it to peers; consider engaging all stakeholders in your drive to improve sustainability, including suppliers and customers, to get everyone on board.
3. **Engage all stakeholders.** Give employees ownership in the company and a direct role in defining sustainable activities like charitable giving. Keep a long-term perspective on the balance between sustainability and profitability, and trust that sustainable business practices are bringing benefit to the company – even if those benefits are intangible and hard to measure.
4. **Remember that you are not alone.** While that's often difficult, getting involved in community or industry initiatives to kick-start a sustainability drive can help. Consider codifying practical measures for sustainability in a document that everyone in the organization can access and understand. Creating metrics to measure the performance of

employees and the organization as a whole on sustainability can do the trick.

5. **Establish responsibility and communicate widely.**

Look at industry-wide initiatives that build on the knowledge of other companies and industry associations. You can achieve this by mapping official accreditation for environmental management and sustainable process quality to your own business processes. However, you can go even further by considering sustainability not only within your own company, but across your network of suppliers as well.

6. **Take it step by step.**

Identify and build on the elements of your existing business model that promote sustainable activities and practices. Make clear links between sustainability and efficiency and efficiency and cost savings. You can achieve this by keeping up with the latest research on how to improve sustainability in key areas of business, such as fuel efficiency and the reduction of packaging materials – and then apply those lessons in practical ways in your own organization.

7. **Walk the talk.**

Assess the benefits of sustainability projects from a long-term perspective and then engage senior management in defining a sustainability strategy that looks beyond the next quarter's financial results. Walking the talk means leading by example and engaging customers, partners and suppliers in your journey towards becoming a more sustainable business.

8. Tie sustainability to profit.

Identify how everything you use or create in your business, even waste, might be turned into a value-added product. Consider how sustainable business practices can increase efficiency and differentiate your company from competitors, then network with local organizations that share sustainable goals so that you can pool that knowledge and coordinate efforts.

9. Measure, monitor and review.

Keep in step with ecological initiatives your customers and/or suppliers may undertake. Look at innovative interpretations of the term 'recycling', including the use of material as a source of biomass fuel. Consider calling in external consultants to give

an objective view on how your company can adopt more sustainable practices.

10. Invest in the future.

Embrace industry-wide initiatives and engage with peer organizations to achieve sustainable goals. Share best practices with organizations that face the same challenges in regard to sustainability and engage all stakeholders in your drive to improve sustainability.

they were able to overcome them:

- Atropex
- Aéroports de Montréal (ADM)
- Cirtronics
- UKOS plc
- Billington Structures
- Rainbow Nightfreight
- Zions Bancorporation
- Rocky Mountain Flatbread
- Ecological Fibers, Inc.

Case Studies

Download the full report to read about real life case studies from the following organizations on how they have been able to successfully integrate many, if not all, of the above elements into their operations, the challenges they faced and how

*The CGMA designation recognizes the most talented and committed management accountants with the discipline and skill to drive strong business performance. CGMAs can download the full report, *Top Ten Key Elements to Sustainable Business Practices in SMEs*, at CGMA.org.*

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Minimize the Risk from Viruses

By Randy Johnston, Shareholder, K2 Enterprises



Our K2 team of professionals take great pride in teaching about the latest technology. We also try to be practical and realistic in our recommendations. The K2 team has some really spectacular people, including CPAs, and proficient technologists.

During the past year, we have been warning people that the current virus attacks are more aggressive and invasive than any we have seen in the past. These attacks are frequently delivered via email, social media, such as Facebook, and embedded in PDF files. The anti-virus companies are having more issues keeping their software ahead of the threats and the creators of viruses and malware are becoming smarter in their attacks. Even if your IT team or managed service provider is diligent in updating your firewalls and anti-virus (AV) signatures, your organization is still susceptible to attacks. So how do we minimize and mitigate this risk?

Further, why are we so concerned about the attacks now? Haven't viruses been around since the early 1980s? The first virus discovered in the wild was the Elk Cloner on the Apple II in 1981 and the first PC virus, Brain, was reported in 1986. Some key things to know about viruses include:

- This year will bring new virus attacks with the discontinuance of security updates for Windows XP and Office 2003.
- Aggressive viruses like Cryptolocker are charging ransoms for an unlock key after systems have been infected. CPA attendees at our webinars report these keys work and have been worth the amount charged.
- Viruses exploit weaknesses in operating system controls and human patterns of system use/misuse.
- Destructive viruses are more likely to be eradicated by anti-virus software.
- Key logging viruses transfer information from your system(s) to the authors. This can include user ID and passwords, bank account information and other confidential data.
- Non-destructive viruses remain resident on your systems and slow your operations day after day.
- An innovative virus may have a larger initial window to propagate before it is discovered and the "average" anti-viral product is modified to detect or eradicate it.

Infected systems are normally unusable during the recovery

period. Viruses make attempts to hide intelligently and re-infect the systems where they have made initial entry. It may take 24, 48 or 72 hours to completely eradicate the viruses from your systems and to restore all of your files to a usable state. What will you have your team do while their computers are not working? How do you teach them to be careful in the first place?

Have end users attend regularly scheduled and ongoing prevention training. This training should be recorded in human resources records so that there is a permanent record of training. This provides for accountability and liability protection. An employee should sign an acknowledgment that training has been received and understood. Such training should include customized basic training for your firm, especially since firms have unique virus protection strategies. All team members of the firm should be required to attend from the janitor to the CEO/Owners.

How Do We Minimize Risk?

Security threats change regularly. Team members don't recall what to do. To remind everyone of the appropriate strategies, schedule security training at least annually for your organization. The importance of compliance with your firm's policies, steps to prevent infection, recovery methods and other techniques can be explained. Well thought out security training helps everyone understand the issues. Investing time in training can reduce the risk of a catastrophic loss of time due to an infection.

We recommend covering at least the following topics:

1. **Name the product being used:** It is important for team members to know if your firm has GFI VIPRE Antivirus, Trend Micro, AVG, Sophos, etc. Train on the basics of that specific product to familiarize the end users with the protection they have been provided by their company such as:
 - a. "Here is the Icon for VIPRE Antivirus". See it in the Windows tray (VIPRE is just an example – different products may be in use in your firm)?
 - b. Note the color of the icon has meaning. Blue indicates that protection is on, active and up to date. Green indicates a scan in progress. Yellow means there is a problem with the program and you need to contact your IT support team immediately. Red is a severe problem and you should also contact your IT support team immediately.
 - c. If you do not have an icon, contact your IT support team immediately.

Continued on page 12



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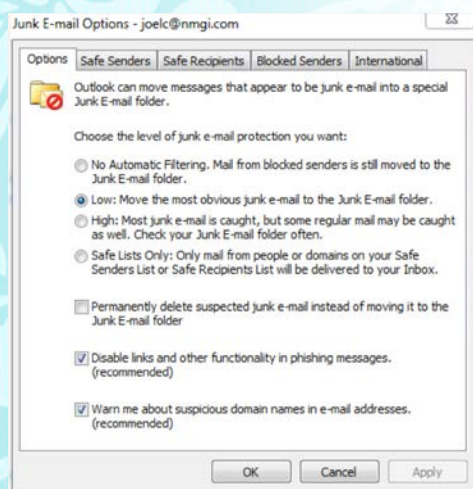
2. Explain how your firm's AV protection works:

Explain what the firm has purchased and installed:

- a. Email gateway Antivirus
- b. Exchange Antivirus
- c. Firewall based Antivirus
- d. Desktop Antivirus products to help protect our computer network from email threats.
- e. You need to point out that this protection only works if it is enabled, up to date and employees follow these basic principles:
 - i) Don't click links in emails without determining where they go first
 - ii) Don't open attachments unless you know the source of document AND were expecting to receive it
 - iii) When surfing websites and popup windows come up, (ALT-F4) is the proper way to close them
 - iv) When in doubt, don't open a file or click through a link

3. Protect Outlook properly: Outlook has improved its virus protection and spam filtering with each version, but there are still fundamental features to consider and use:

- a. Turn off the reading pane for the Inbox. This is not as great of a threat as it once was, but the reading pane can still be exploited for virus infections.
- b. Disable links for messages in the Junk Email Folder (Outlook). This should disable attachments too.



4. Ensure your AV is on and current on your desktop at all times:

AV is only as good as the most current signature file. Vendors frequently release updates to protect for known threats in the world and these change hourly world-wide. Often, it can be several days or even weeks before some vendors have

updated definitions (the file that allows identification of the viruses) to protect from the newest threats. It is not unusual for it to be several days, and on a couple of occasions, several weeks before the vendor released new specific definition protection for the new variant. Since different AV products have different signatures, some IT teams and providers will recommend different products be installed on your firewalls and desktops to provide more protection. Sometimes these products will conflict with each other and cause problems of their own.

5. Do not open emails that are not recognized: or any file that may have questionable business content, especially if the email has hyperlinks or attachments. If you are not expecting correspondence or are suspicious of the content, it is perfectly acceptable to ask the sender if the message was from them. Be exceptionally cautious with email from unknown sources. Frequently spammers will create spoofed ("fake") emails from Intuit, Bank of America and Citibank.

a. Malicious email authors are very clever nowadays and often include spoofed senders (senders pretending to be someone they are not), content that seems to come from valid business senders, and my personal favorite currently are emails "spoofed" from Intuit that contains a QuickBooks update that needs to be installed NOW to correct a program problem or improve performance. These emails have hyperlinks to an external virus payload and ZIP attachments that contain executable files which are email worms or Trojans, that is, programs that hide and attach themselves to your systems causing infections. These emails actually contain images from Intuit's website and appear very legitimate. We need users to ask themselves, did I contact Intuitsupport and speak with someone about a specific problem that I needed an update for? Should I be receiving unsolicited email notices from Intuit about updates when that process is managed by my IT Support team? Staff need to regularly communicate with their IT Support team or the senders before opening questionable emails or files.

b. Even more recent, we have seen spoofed emails sent from Citibank containing valid images from Citibank's website that linked to external virus code and included ZIP attachments containing executable files that appeared as PDF (payroll) files, but were actually executable files with subject line "Payroll processing received" and the body contained instructions to open the attached PDF file to verify the amounts of each employee's payroll amounts. Needless to say, these emails were not sent to the Controller nor were they actually requested by anyone. However, these worms were opened because staff thought they might actually get a peek at what others in the company are

getting paid. If they would have paused before opening the attachment or links and asked themselves, did I contact Citibank for payroll information or am I actually running payroll thru Citibank, then they would recognize they received a new worm email variant that their Antivirus was not protecting them from and the worm would not have been unleashed.

6. **Explain your procedures for recovery:** Hopefully, you never have to recover, but if you do:

- a. Outline your reporting and shutdown procedure
- b. Have everyone stay off of their systems until given the all clear
- c. Unplug infected machines from the network
- d. Explain how you intend to estimate the recovery time
- e. Explain what systems are likely to be made available first

7. **Consider other topics related to security:** You probably don't get your team together frequently enough. Take this opportunity to discuss other important security related matters such as:

- a. Review the firm's acceptable use and other computer policies
- b. Encryption
- c. Protection of portable computers and removable media
- d. Properly handling USB devices from home or clients
- e. Password strength and changes
- f. Social networking site safety
- g. Security of smartphones and tablets
- h. Instant Messengers – AOL, MSN, Google Chat, ICQ
- i. Weather Bug – should not be used
- j. Personal email access from Gmail, Yahoo or Outlook.com
- k. Transferring documents to and from clients via your portal or secure email

Training is the best prevention

The best training is customized for each firm. Your staff should know how they are being protected and what the limitations of that protection are. Human Resources and IT should work together to deliver ongoing, regular training that is recorded into employee records. In between regular training sessions, IT should inform staff of high risk known threats via alerts whether that is through email, intranets or bulletin boards. There should also be training required for new employee on-boarding since the next regular training might be months away and the new employee might put the entire training program at risk unless we educate them. If you are from a smaller organization, your IT provider should be able to provide guidance. Otherwise, the ideas above can serve as a starting point for building your own security training agenda. Remember to hold a training session at least annually with your team to minimize your risk of virus infection.

Mr. Johnston is a shareholder in K2 Enterprises, where he develops and presents continuing professional education programs to accounting, financial, and other business professionals across North America. You may contact him at randy@k2e.com.

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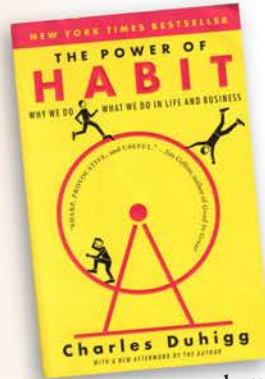


Norman's Book Review

"The Power of Habit"

by Charles Duhigg

Charles Duhigg is a Pulitzer Prize winning investigative reporter for the New York Times, and is a graduate of Harvard Business School and Yale University. "*The Power of Habit*" spent 62 weeks on the New York Times best seller list.



As we all know, we are creatures of habit from the time we wake up to when we go to sleep. We do so many things without thinking and it's really amazing when you think about it! This book explains why we do what we do in life and business, how we can change bad habits to make us better, how advertisers and companies use our tendencies to increase sales and be successful, and gives many examples to drive home the concepts. The book is divided into three parts: The Habits of Individuals, The Habits of Successful Organizations, and The Habits of Societies. The following are some of the author's many interesting jewels of information I thought you would like.

How Companies Sell More Toothpaste, Shampoo and Laundry Detergent

Many of us judge the quality of our toothpaste, shampoo and laundry detergent by the amount of foam generated in our mouth, in our hair, and in our washer, respectively. We feel better when there is more foam. For toothpaste, we also need to feel that cool, tingling sensation in our mouths

to know we have brushed our teeth well. Additives create the foam in these products as well as the cool, tingling sensation in our mouths. There is no cleaning benefit, but we think things are cleaner and so we feel

better. These products originally didn't foam or tingle, but once a product had these additives its sales skyrocketed! That's why now all products in these categories have these qualities.

Why Cinnabon Stores Usually Are Not Located In Food Courts

Cinnabon executives didn't want the smell of their cinnabons mixing with the smell of other food in food courts. Instead, they wanted the smell of their product to waft down hallways and around corners uninterrupted, so shoppers would start subconsciously craving a roll. By the time the shopper sees the store, he/she is craving a roll so much the odds of the person buying a roll is high!

The Golden Rule of Changing A Habit

Study after study has shown you can never fully extinguish a bad habit. Accordingly, to change a habit, the Golden Rule is you must keep the old cue and old reward, but insert a new routine. Almost any behavior can be transformed. The Golden Rule has influenced treatments for alcoholism, obesity, obsessive-compulsive disorders, and hundreds

of other destructive behaviors. For example, a smoker usually can't quit unless he/she finds some other activity to replace cigarettes when his/her nicotine craving is triggered.

Tony Dungy and The Golden Rule

After many years as an assistant coach, Tony Dungy developed his coaching philosophy based on The Golden Rule, turning losing teams into winning teams, culminating in a Super Bowl win in 2007. He firmly believed the key to winning was instilling the right habits in his players, getting them to react automatically, and having them stop making so many decisions during a game. Per Tony, "Champions don't do extraordinary things; they do ordinary things, but they do them without thinking, and too fast for the other team to react. They follow the habits they've learned." Dungy knew from his experience it was easier to convince someone to adopt a new behavior if there was something familiar at the beginning (cue) and end (reward). He focused on changing the middle step (routine). He had his players learn a few key moves and had them get it right every time. Consequently, his playbooks weren't the thickest and players didn't have to memorize hundreds of formations.

The Importance of Belief and Groups

For habits to permanently change, people must believe that change is

feasible. Belief is easier when it occurs within a community, which can be as small as a community of two. That's why Alcoholics Anonymous is so successful. Per Lee Ann Kaskutas, a senior scientist at the Alcohol Research Group, "There's something really powerful about groups and shared experiences. People might be skeptical about their ability to change if they're by themselves, but a group will convince them to suspend disbelief. A community creates belief."

Alcoholics can stop drinking, smokers can quit puffing, perennial losers can become champions, you can stop biting your nails or snacking at work, yelling at your kids, staying up all night, or worrying over small concerns. Change can happen, especially when you believe and that belief grows out of a communal experience.

Keystone Habits

There are habits called keystone habits, which have the power to start a chain reaction, changing other habits and transforming everything over time. They can influence how people work, eat, play, live, spend, and communicate.

Exercise is a keystone habit. When people start habitually exercising, even as infrequently as once a week, they start changing other, unrelated patterns in their lives, often unknowingly. Typically, people who exercise start eating better, become more productive at work, smoke less, show more patience with colleagues and family, use their credit cards less frequently, and feel less stressed.

Food Journaling, A Keystone Habit

Want to lose weight? An extensive 2009 study of 1,600 obese people showed people who kept a daily food journal lost twice as much weight as everyone else. Food journaling created a structure that helped other habits flourish. As one study participant noted, "After a while, the journal got inside my head. I started thinking about meals differently. It gave me a system for thinking about food without becoming depressed."

Also, people who successfully maintained their weight loss typically eat breakfast every morning and weigh themselves each day.

The Importance of Willpower

Willpower is the single most important keystone habit for individual success. Students who exerted high levels of willpower were more likely to earn higher grades and gain admission into more selective schools. Self-discipline has a bigger effect on academic performance than does intellectual talent.

"Moments That Matter" at Deloitte Consulting and "LATTE" at Starbucks

To help employees deal with stressful situations, more companies are training employees with various routines to deal with particular situations. This is how willpower becomes a habit. For example, Deloitte Consulting trains their employees in a curriculum named "Moments That Matter," which focuses on dealing with inflection points such as when a client complains about fees, when a colleague is fired, or when a Deloitte consultant has made a mistake. There are pre-programmed routines

— Get Curious, Say What No One Else Will, Apply the 5/5/5 Rule — that guide employees on how they should respond for each of these moments.

Starbucks has dozens of routines that employees are taught to use during stressful inflection points. For example, when faced with an unpleasant situation, employees are encouraged to use the "LATTE" method. Listen to the customer, Acknowledge their complaint, Take action by solving the problem, Thank them, and then Explain why the problem occurred.

How Casinos and Lotteries Hook You – "Near Wins" or "Near Misses"

Studies have shown pathological gamblers get more excited about winning and a mental high from "near wins" than non-problem gamblers. To a pathological gambler, a "near win" or "near miss" looks like a win. That's why pathological gamblers gamble so much longer than others. Non-problem gamblers, on the other hand, get more apprehensive after "near wins" or "near misses" because to them it means you still lose, and they believe they should quit before it gets worse.

Gaming companies know this, so slot machines have been reprogrammed to deliver a more constant supply of "near wins", and lottery scratch-off tickets are designed to make you feel like you almost won. Consequently, people, especially pathological gamblers, end up gambling more and increase the profits of gaming companies. As a state lottery consultant commented, "adding a "near miss" to a lottery is like pouring jet fuel on a fire."

Interesting Habits

The following are interesting habits we have which we probably are not aware of, but make a difference to companies who sell things to us.

Pregnant people and new parents are the holy grail of retailers because they are the most profitable, product hungry and price-insensitive group in existence. Wherever they purchase their diapers and formula from, they probably will purchase everything else to save time. That's why retailers will go to great lengths with discounts, coupons, and free stuff to entice pregnant people and new parents!

Why do grocery stores usually have fruits and vegetables arranged beautifully when you first enter the store? Studies have shown when we start our shopping sprees by loading up on healthy stuff, we're more likely to buy the Doritos,

Oreos, frozen pizza, ice cream, etc when we see them later.

Ever notice cereal and soups are arranged randomly and not in alphabetical order? The reason is this causes us to linger longer, look at a wider selection, and hopefully buy more.

Even though we are creatures of habit, our buying habits are more likely to change when we go through a major life event such as marriage, having a child, divorce, moving, changing jobs, etc.

Summary

If you want to learn about why you do what you do, and how you can change a bad habit into a good habit, this is the book for you. It is very comprehensive yet easy to read and follow. Due to space limitations, I couldn't include in my review the success habits of Olympic swim-

mer Michael Phelps, civil-rights hero Martin Luther King, Rick Warren's Saddleback Church, and the nation's largest hospitals. The author's ultimate message is "once you understand that habits can change, you have the freedom – and the responsibility – to remake them. Once you understand that habits can be rebuilt, the power of habit becomes easier to grasp, and the only option left is to get to work." This book helps you to "get to work" in your life and business!

"If you believe you can change – if you make it a habit – the change becomes real. This is the real power of habit: the insight that your habits are what you choose them to be. Once that choice occurs – and becomes automatic – it's not only real, it starts to seem inevitable and leads us to our destiny."

(William James, leading late 19th century American philosopher and psychologist)

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HSCPA Scholarship Program

Community College Bridging Scholarship

As part of the HSCPA's Scholarship Program for four-year universities, we annually award scholarships to community colleges with accounting programs. This "bridging" program was designed to assist and encourage community college students to pursue higher education at a four-year accounting program in Hawaii. The colleges' Outstanding Graduate in Accounting recipients are selected by the school's accounting faculty and funds are sent directly to the Hawaii school of choice.

Hawai'i Community College



Geraldine is a HawCC graduate with an AA degree in Liberal Arts with a Business Emphasis. This degree is articulated with the Univer-

sity of Hawaii Hilo to allow accounting students at HawCC to directly transfer to the College of Business. Geraldine is currently enrolled at UH-Hilo pursuing an accounting degree. While at HawCC, Geraldine was a 4.0 student in all of her classes and graduated with highest honors. She has continued to do well in her accounting studies and currently has a 3.61 GPA at UH-Hilo. She is active in the Accounting Club at UH-Hilo and is serving as the club's secretary. In addition to being a full time student, Geraldine works as an Accounting Assistant with a local medical lab. Geraldine's career objective is to become a CPA.

Kaua'i Community College



Seth Macomber received his Associates in Applied Science degree in Accounting from Kaua'i Community College on May 16,

2014. He is continuing his accounting education as a distance education student with the University of Hawaii West Oahu. Seth plans to double major in Accounting and Finance and to become a CPA. Outside of his educational endeavors, Seth enjoys spending time with his wife and daughter. He currently works as an accounting clerk with Edward Punua, CPA, Inc. and volunteers his time at Koloa Missionary Church as a worship leader and treasurer.

University of Hawai'i Maui College



Elana Bundy is this year's recipient of the University of Hawaii Maui College Outstanding Graduate in Accounting. She graduated with an

A.A.S. in Accounting this Spring 2014 with a 3.98 GPA. Elana is currently employed full-time with an accounting firm in Kahului, Maui. She will continue her education at the University of Hawaii West Oahu and to earn a Bachelor of Arts in Business Administration, Accounting which she hopes to achieve by Fall 2016. Her future goals are to obtain the CPA designation and work for an accounting firm in Hawaii. Elana would like to eventually start her own business and prepare tax returns.



HSCPA Board member Robert Kawahara making special presentation in class to Elana

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CPA FIRM MICROCOMPUTER TECHNOLOGY

By Ron Gouveia CPA.CITP of Carr, Gouveia + Associates, CPAs, Inc.



The Heartbleed bug that I wrote about in last month's article hasn't gone away and is still an issue you need to be

aware of. Refer to the recommendations in that article to ensure that none of your passwords have been compromised.

Microsoft issued fixes to the Windows operating system and Office program on May 13th. These patches did not include fixes for Windows XP or Office 2003. If you are on either of these programs you should update them as soon as possible. Be aware that if you are using Microsoft Security Essentials with Windows XP, that product will not receive updates after April 2014.

In the newest edition of Microsoft's Security Intelligence Report which covered the second half of 2013, Microsoft points out that there has been a dramatic increase in malicious software (malware) being bundled with user-initiated downloads. Recommendations regarding avoiding malware issues during downloads include:

1. Before you click on a link in an e-mail, hover over the link to see if the site you are about to go to

looks right. If it doesn't, don't click on the link. Even better, don't click on links in e-mails. Rather, go the referred site manually and find the link yourself.

2. Consider using an anti-malware software in addition to your anti-virus software such as Spybot from Safer-Networking or Malwarebytes from Malwarebytes Corporation.

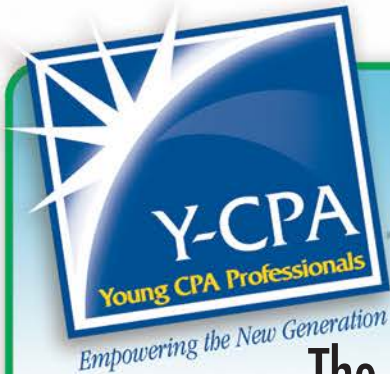


3. Avoid downloading utilities and toolbars from the Internet except for products from reputable vendors as there is a high risk of malware with these types of products.
4. Be very careful during the download process even when downloading from reputable

vendors such as Java related downloads or Adobe downloads because many vendors include other products including toolbars, browsers, and security products that you didn't intend to download. Answer questions carefully and look at all check boxes during the download process. Avoid adding products, toolbars, browsers, or security products that you didn't intend to add to your computer.

Another threat discussed in the Microsoft report is ransomware, which encrypts files on a computer and asks for payment to unencrypt them. Users should not pay the attacker but rather obtain tools from Microsoft or anti-virus vendors to remove these malware. Also, hard drives that are directly connected to your servers or workstations are vulnerable to attack by ransomware. It is a good idea to have a backup that is not directly connected to your servers or workstations so that it is not vulnerable to this type of attack.

If you have any questions or comments, call me at (808) 837-2507 or send e-mail to ron@cga-cpa.com.



Y-CPA BUZZ!



The Y-CPA Squad would like to introduce our newest member, Jill Hatakenaka, Manager at TRUSTA, A.A.C.

By Michelle Kaneshiro

MK: How did you get interested in accounting?

JH: Growing up, I enjoyed going through our couch, laundry machine, and drawers to collect and count all the coins. I thought accountants got to count cash so I became interested in accounting. Little did I know, accountants rarely actually see the cash. But I also enjoy meeting and helping others and this profession gives me the opportunity to do that, whether it's the client who needs assistance, staff who needs guidance, or others.

MK: Why did you get involved with the HSCPA/YCPA?

JH: I thought it would be a good way to connect with others and give back to the community.

MK: What is the best way to keep a competitive edge?

JH: Keep reading, learning and improving your technical and soft skills.

MK: How do you successfully get through busy season each year?

JH: I have a great husband and support system where the house is clean, laundry is done, and dinner is made. At work, I work alongside a great team who is supportive and hard working. We understand each other's strengths and weaknesses and work well together.



Michelle and Jill

MK: Where have you traveled to recently and/or where do you want to travel to in the future?

JH: I most recently traveled to Taiwan. It was a great experience and I'd like to go back some day. I'd also like to travel to Japan, New York and Florida.

MK: What is your favorite stress reducer?

JH: A spa day of course!

MK: What do you value in your employees?

JH: Willingness to learn, hard work, energetic spirit, and the drive to succeed.

MK: What does "work/life balance" mean for you and how do you achieve it?

JH: Being happy and able to meet my goals in my personal life and career and my family's goals/needs. How did I achieve it? I'm

still working at it. But my husband recently bought me a clock and set the alarm to go off at 8:30 each evening. It's helping.

MK: So does the 8:30 pm alarm mean time to go to bed or time to stop working?

JH: Time to pack up and go home.

MK: What is one rule you live by?

JH: Work hard and play hard.

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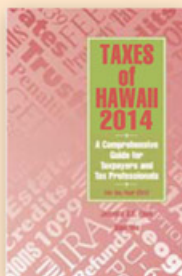
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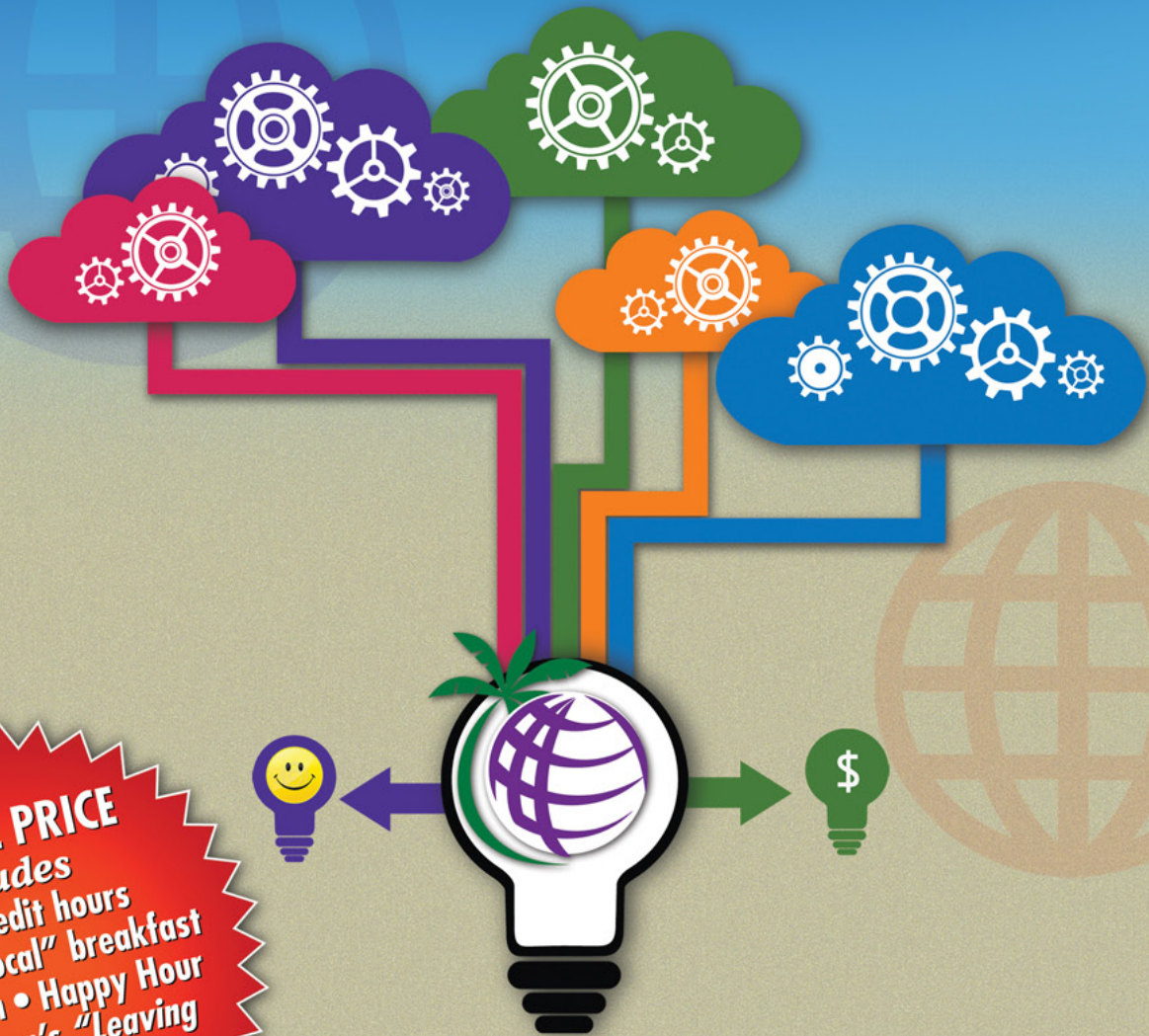
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Our keynote speaker is one of the top leaders in the profession and we are honored to have **Barry Melancon**, President and CEO of the American Institute of CPAs, give his always informative and thought-provoking presentation on the most up-to-date issues affecting the accounting profession. If you haven't experienced a "Barry update" before, you will be mesmerized by his depth of knowledge of the profession.

We are delighted to welcome back one of Hawaii's most influential business leader, **David Heenan**. He continues his legacy as educator and is a visiting professor at Georgetown University and as a prolific author of several books on business and leadership. His latest book, "Leaving on Top: Graceful Exits for Leaders", offers some thought-provoking messages on dealing with one of life's most formidable challenges: the graceful exit.

Keeping your undivided attention through the Conference will be Hawaii's favorite FBI Special Agent, **Tom Simon**. He will be discussing the epidemic of investment frauds that have been plaguing the Hawaii economy over the past four years. The presentation will present high-profile investment scam cases investigated by the FBI in Hawaii with a goal toward making attendees better able to recognize the tell-tale signs of a Ponzi Scheme before clients, friends, and family members are financially ruined. You don't want to miss this!

Don't miss this opportunity to hear top-flight speakers, a dynamic program and great networking at Happy Hour immediately following the conclusion of the Conference! Register now at <https://www.hscpa.org/professional-development/AC1413/hscpa-54th-annual-conference> for the best CPE deal this year . . . 7 CPE credit hours, complete breakfast and lunch, awesome speakers and Happy Hour – what more can you ask for!



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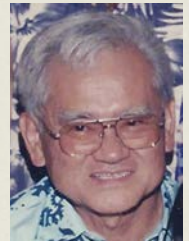
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Barry C. Melancon, CPA, CGMA

Barry C. Melancon is the President and Chief Executive Officer at the American Institute of Certified Public Accountants (AICPA), the national professional association of CPAs, with nearly 386,000 members worldwide. He directs the Institute's operations in New York; Durham, NC; Washington, DC and New Jersey.

As head of the largest body of CPAs in the world, Melancon is called upon to represent the Institute with

state, national and international organizations and is sought after by key opinion leaders for his expertise.

Under Melancon, the Institute has spearheaded a number of initiatives designed to benefit not only the profession, but also investors, business owners, lenders and the general public. These include audit quality centers; private company reporting standards; eXtensible Business Reporting Language (XBRL); the computerized CPA exam; and two consumer financial literacy education programs.



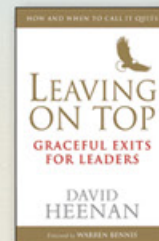
David A. Heenan

David A. Heenan is a trustee of the Estate of James Campbell, one of the nation's largest landowners, and a visiting professor at Georgetown University. Formerly, he served as chairman and CEO of Theo. H. Davies & Co., Ltd., the North American holding company for the Hong Kong-based Jardine Matheson. Earlier, he was the vice president for academic affairs at the University of Hawaii and, before that, dean of its business school. In addition, he has worked internationally for Chevron, Citicorp and McKinsey—and is a former Marine Corps pilot.

Mr. Heenan holds the A.B. degree from the College of William and Mary, the M.B.A. from Columbia University

and the Ph.D. from the Wharton School of the University of Pennsylvania. He has served on the faculties of the Wharton School and Columbia Business School. He also serves or has served on the boards of eight publicly traded companies.

An active writer, Mr. Heenan's articles have appeared in such diverse publications as the Harvard Business Review (eight times), the Sloan Management Review, The Wall Street Journal, The New York Times and The Christian Science Monitor. He is the author or co-author of eight books, including Leaving On Top: Graceful Exits for Leaders, Bright Triumphs From Dark Hours, Flight Capital and Co-Leaders.



Tom Simon

Special Agent Tom Simon joined the Federal Bureau of Investigation in 1995. He currently investigates high-yield investment frauds, major embezzlements, and traditional white collar crimes affecting Hawaii's residents and small business community. In addition to his investigations, Tom also serves as the press spokesperson for the Honolulu FBI office and is a regular fixture on local news programs and radio talk shows.

Prior to transferring to the FBI Honolulu office in 2009, Tom worked at the FBI Chicago office for 14 years where he investigated financial crimes, counter-terrorism, and political corruption. Following the 9-11 attacks, he was assigned to a team of Special Agents who dismantled

several Islamic charities funneling money to Al Qaeda and other extremist groups. As his final case in Chicago, Tom was on the team of agents who investigated Illinois Governor Rod Blagojevich which culminated in convicting the Governor of attempting to sell the U.S. Senate seat formerly held by U.S. President Barack Obama.

Tom earned a Bachelor's degree in Accounting from Clemson University and is a non-practicing certified public accountant. He worked at KPMG as a Forensic Accountant for three years before joining the FBI.

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Registration / Check in / Breakfast Buffet

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Annual Election Meeting

State of the Profession /

Professional Issues Update

**Barry Melancon, CPA-CGMA – President
& CEO, American Institute of CPAs**

Leaving on Top: Graceful Exits for Leader

**David Heenan, Trustee –
Estate of James Campbell**

12:00 noon

Lunch – Sponsored by  **AMERICAN**
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Installation of Officers & Directors

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★ Gary T. Nishikawa

★ Garrett K. Serikawa

★ Keiji Tsuhako

1:30 p.m.

**Protecting the Nest Egg: Detecting
Investment Fraud in Hawaii**

**Tom Simon, Special Agent –
Federal Bureau of Investigation**

3:00

Happy Hour!



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