New tax commissioner reveals his priorities

By CHRIS GAETANO
Trusted Professional Staff

Michael R. Schmidt was nominated by Gov. Andrew Cuomo in January to be commissioner of the New York State Department of Taxation and Finance, and was confirmed by the state Senate in June. Prior to his current position, Schmidt served as deputy secretary for economic development, where he oversaw policy and operations for 12 state agencies and authorities. Previously, Schmidt served as economic policy adviser to Hillary Clinton during her 2016 presidential campaign, and he also served in the Office of Domestic Finance at the U.S. Department of the Treasury. He took the time to talk to The Trusted Professional and go over his policies and priorities. The Q&A has been edited for length and clarity.

What would you say is the biggest tax administration challenge facing your department today?

You can think of the New York state tax department as a large organization, almost a business, that operates at scale. In New York, we have 26 million tax returns filed every

In the face of possible recession, CPAs tell clients: ‘Don’t panic’

By CHRIS GAETANO
Trusted Professional Staff

Between market events such as the inversion of the yield curve on U.S. Treasury bonds and geopolitical risks such as the trade war with China, concerns that the country is headed for a recession have been growing steadily over the past few months. For instance, in March, a survey of 53 professional economic forecasters, conducted by the National Association for Business Economics, placed the odds of a recession sometime before the end of 2020 at 35 percent; by June, the same survey found that the estimated chances had risen to 60 percent. These signals have led some CPAs to begin preparing for a downturn, while others remain confident that they won’t be overly affected, given the differing levels of exposure to macroeconomic risk factors.

With the success of CPA firms so bound up with that of their clients, practices of all sizes have been keeping a close eye on the economy.

David G. Young, founder and managing partner of Young & Company CPAs, LLC, and a director-at-large on the NYSSCPA Board of Directors, said that while he and his firm are “not worried per se, since we can’t control if there is a recession or not,” he has been preparing. A big part of this preparation, he said, is to follow the same advice he has been giving to clients regarding a possible recession: Protect cash flow, control expenses, keep to a budget, stockpile cash, and maintain lines of credit.

However, he said, his clients, overall, don’t seem to be worried about a recession—their main concerns right now are centered around high taxes in New York. But Young has also been taking more CPA firm-specific steps, which mainly have to do with evaluating the situation. “We also make sure we’re mitigating our exposure to risk from clients and/or...” See the story on page 16.

Inside this edition:

Commentary...........................................2
Part III of Sustainability Series...............3
Year in Review....................................12
New Members.....................................18
CPA Roundtable..................................23
Chapter News.....................................24

CHECK OUT FAE CONFERENCES See p. 28
Available In-Person and via Webcast
The benefits of active membership

T
here are many benefits to NYSSCPA membership, and some of the most important and gratifying ones are experienced at the chapter level. Within the individual chapters, members can network with each other, support each other and learn from each other.

Fourteen years before I became president of the NYSSCPA, I served as president of the Mid Hudson Chapter. That was after serving as the chapter’s treasurer, secretary and vice president, and as co-chair on two chapter committees. I found it gratifying to participate in the Society on the chapter level because that is where members can really get to know each other, attend CPE events and make their mark in the Society. For members seeking to develop leadership skills, joining a chapter committee or its board is an ideal way to start. You can have the opportunity to make their mark in the Society. For members who want to learn more about their profession and support the next generation of CPAs, I’d like to add that chapter participation helps to steer the Society to where we want to be in the future.

The Society functions best when its members are actively engaged, and participating as a leader on the chapter level is an excellent way to start. There is always a need for more participation in leadership roles, especially at the chapter level. There are many ways to become involved, starting with attending meetings and leading up to service on the board. If you have a topic you’d like to see presented, approach your chapter’s board and suggest it. If you have an idea for a networking or for a charitable event, let the board know, and volunteer to organize it. I particularly urge members in the Northeast and Manhattan/Bronx chapters to step up and become involved.

Of course, if you want to become involved at the statewide level, there are plenty of opportunities. I urge you to find a committee that interests you and become an active participant. By doing so, you can learn about important developments in your area of practice, get to know other practitioners in that field and, perhaps in time, advance to chair. I spent many years on the Trust and Estate Administration Committee, including as chair, and the experience was invaluable.

If you live in the New York City metropolitan area, a great way to meet fellow members is to attend one of our networking events. They offer an enjoyable way to get to know members from outside your chapter.

In the previous issue, I wrote about the new NYSSCPA Leadership Institute, a key initiative that brings together promising young CPAs recommended by Society chapter presidents, committee chairs and other members, as well as by accounting firm managing partners. The institute is another excellent way for new members to get on track for leadership positions in the Society. If you are interested in participating, now is the time to become a more active member, as nominations open in January.

I also urge both men and women to attend the second annual Women’s Leadership Forum on Jan. 29. This will be an opportunity to learn firsthand from experts on how to create a more inclusive workplace for all staff. Attendees at the forum this past January, the first-ever hosted by the Society, called it “a really inspiring event” and “one of the best courses” they’d ever taken.” I hope to see you there. president@nysscpa.org

Nominations for Society’s Board of Directors due Dec. 31

A re you interested in serving on the NYSSCPA’s Board of Directors? The Society’s Nominating Committee is accepting submissions of interest by members to fill key leadership positions on the NYSSCPA’s Board of Directors. Terms begin on June 1, 2020. The deadline to submit a nomination is Tuesday, Dec. 31, 2019.

Open positions for 2020–2021 are: president-elect, which means serving a one-year term and then automatically becoming president for a one-year term; four posts for vice president, which carry a one-year term; secretary/treasurer, which ordinarily serves two consecutive one-year terms; and five at-large directors who ordinarily serve a three-year term.

Members may nominate themselves or be nominated by another member. Before submitting the name of another member for nomination, please confirm that the candidate is willing and able to serve. We also request that you submit a biography or resume for yourself or the candidate, and an email or letter indicating why you or that person should serve on the Board of Directors as a Society officer.

Please email your nominations and suggestions to the Society’s Nominating Committee, in advance of the Dec. 31 deadline, at nominations@nysscpa.org.

Chapter representatives

In addition, the Nominating Committee will be receiving nominations to fill five chapter representative Board positions from the following chapters: Adirondack, Nassau, Rochester, Staten Island and Suffolk. For chapter nominations only, please contact the respective chapter president to express interest in these chapter Board positions. Your contact information is as follows:

- Adirondack Chapter: Barbara L. Montour at mohawkcpa@icloud.com; Nassau Chapter: Natalie Verbanac at natalie.verbanac@marcunilp.com; Rochester Chapter: John A. Mourer at johnamourer@gmail.com; Staten Island Chapter: Nicholas J. Guastella at nicholas@guastellacpa.com; and Suffolk Chapter: John W. Hermus at jhermus@sheehancpa.com.

The Nominating Committee will meet Thursday, Jan. 9, 2020, to deliberate and interview potential candidates. To serve on the Board, one must be a CPA member of the NYSSCPA for five continuous years and have at least two years’ service either on a statewide committee, a chapter executive board or a combination of both. For the full criteria members must meet to serve on the Society’s Board, refer to the Society’s bylaws at nysscpa.org/bylaws.

In addition to these bylaw requirements, the Nominating Committee is required to operate within the framework of bylaw-permitted, Board-approved protocols, which can be found at nysscpa.org/protocols.

If you have additional questions about the nominations process, please contact NYSSCPA General Counsel Timothy H. Twifofoot Boullette, at twifofootboullette@nysscpa.org or call 212-719-8361.
As sustainability factors become mainstream, investment strategies, companies take notice

By CHRIS GAETANO
Trusted Professional Staff

Editor's note: This is the third and final article in a three-part series about the corporate sustainability movement. The first part focused on the many different sustainability frameworks that have arisen, with an emphasis on four major ones. The second part focused on the unusual incentives built into some sustainability frameworks, which can lead to unexpected results.

E nvironmental, social and governance (ESG) factors related to corporate social responsibility are increasingly moving beyond specialized sustainability portfolios and into more general investment strategies, leading to growing investor action on issues that had once been considered ancillary to their interests, such as climate change and gender diversity.

This is reflected in a recent survey of about 800 investment professionals conducted by the Global Climate Leadership Finance and BlueBay Asset Management LLP. They found that 70 percent of respondents said that ESG principles are either somewhat or significantly part of their investment approach and decision making, compared to 30 percent who don’t consider them at all. As for why, the most commonly cited reason was “lower risk, increase[d] return” at 53 percent. This could be because 53 percent of respondents thought that an ESG-integrated portfolio would perform “as well” as a nonintegrated investment, and 29 percent said it would perform “better.”

Rationales like these have led to asset managers such as BlackRock, Inc., incorporating sustainability into their voting policies, pension funds pressing firms on gender diversity, and traders reading carbon data on Bloomberg terminals.

Anthony J. Arbab--a consultant serving primarily investment managers and private funds, who also serves as chair of the NYSSCPAs Investment Management Committee—said that ESG considerations have become widespread among asset managers, and those who haven’t yet developed their own ESG strategies are eager to start.

“It is on the minds of virtually every traditional asset manager—retail or institutional—to build or somehow buy access to managing strategies that are called ESG,” he said.

“This is because investors have started to understand that sustainability is a value that affects not only one’s conscience, but also the company’s entire bottom line. Poor labor practices might mean that a company has higher turnover and less access to talent; poor environmental practices could damage its long-term operations; and poor governance and business ethics could expose it to lawsuits.”

This paradigm is connected to what’s been called the “Five Capitals” model. Its proponents have argued that, for too long, companies have had a narrow view of wealth, restricted to financial capital and manufacturing capital. Viewing these two forms of wealth as the only ones that make an entity wealthy means severely undervaluing the three other capitals that the model points to: environmental capital (such as scarce natural resources), human capital (such as the knowledge and skills of the workers), and social capital (including partnerships and networks, as well as norms, values and public trust). Any organization uses these to deliver products and services, and a sustainable one maintains these resources rather than depletes or degrades them, thus creating long-term value.

It was under this thinking that New York City Comptroller Scott M. Stringer recently called on 56 S&P 500 companies to increase the number of women board members and C-suite executives. In the letter he sent to each of them, he cited research saying that firms with greater gender and ethnic diversity tend to have stronger financial performance, and that diverse boards have fewer instances of bribery, corruption and fraud.

This was also why BlackRock and Vanguard, two of ExxonMobil’s largest shareholders, chose in 2017 to support a proposal to pressure the company to undergo a stress test of how environmental regulations and new energy technologies could affect its oil assets. David H. Webber, a Boston University law professor who specializes in shareholder activism, said that those two asset managers taking this proposal seriously indicates how “persuasive” ESG thinking has spread into the wider investment world.

“These environmental issues, for years, would get on the ballot and lose, but that has started to change in the last couple of years, and one of the reasons is the big players, the big mutual funds, that used to be totally opposed to this stuff have started to back it for a variety of different reasons,” he said.

He said the ExxonMobil vote was one of the first times that “these traditional centrist players” saw environmental issues as, what he called, “bread-and-butter investment stuff,” rather than a publicity distraction, as they had traditionally been viewed. This is further reflected in these firms’ voting policies, which, along with State Street Global Advisors’, stand in opposition to corporate boards that do not have any women on them. He said that BlackRock, in fact, now demands that each board that it invests in, and will vote against incumbent directors on boards that have not followed that policy.

Companies have observed this shift as well, and many have taken action to respond. Suzanne Fallender, Intel Corporation’s director of corporate responsibility, said that her firm has been a longtime promoter of the link between corporate sustainability and profits, having issued its own sustainability reports to investors since 1994. She noted that a long-term energy conservation effort at the firm, from 2015 to 2018, was able to save 4 billion kilowatt hours and $500 million in energy costs.

“These projects have a positive [return on investment,] so that has driven the discussions in multiple parts of the company,” she said, adding that profit and environmental stewardship “are not mutually exclusive. If you take an integrated approach, a lot of things with an environmental benefit also have a business benefit.”

Intel, she said, has long worked directly with investors on ESG issues, noting that it began going on formal road shows 20 years ago, specifically to meet with such investors. She added that, over the years, she has witnessed more mainstream investors start to integrate ESG factors into their overall approach toward her company, which has meant that “the number and types of conversations we regularly have are conversations with have changed and expanded significantly, which has also impacted the kind of feedback we get and how we integrate that [feedback] into our disclosures.”

As the accompanying table indicates, companies have increasingly signed on to at least one of the “big four” sustainability frameworks: the General Accounting Standards Board (GASB), the Sustainability Accounting Board (SASB), the United Nations Sustainable Development Goals (U.N. SDG) and the International Integrated Reporting Council (IIRC.). Michael L. Kraten, a member of the Sustainability Investment Leadership Council, has observed that these frameworks produce complementary standards, and thus, work well together.

---

Comparison of SASB, IIRC and GRI Reporting Models

<table>
<thead>
<tr>
<th>Number of Organizations Adhering to the Reporting Model</th>
<th>SASB</th>
<th>IIRC</th>
<th>GRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>104</td>
<td>1,800</td>
<td>14,270</td>
<td></td>
</tr>
<tr>
<td>Type of Guidance</td>
<td>Standards</td>
<td>Framework</td>
<td>Standards</td>
</tr>
<tr>
<td>U.S. focus</td>
<td>Global</td>
<td>Global</td>
<td>Global</td>
</tr>
<tr>
<td>Scale</td>
<td>Industry specific</td>
<td>General</td>
<td>General and specific for some sectors</td>
</tr>
<tr>
<td>Target Disclosure</td>
<td>Mandatory filing</td>
<td>Flexible</td>
<td>Voluntary sustain-ability report</td>
</tr>
<tr>
<td>Target Reporters</td>
<td>Publicly traded companies on U.S. exchanges</td>
<td>Publicly traded companies around the world</td>
<td>Public and private companies and organizations around the world</td>
</tr>
<tr>
<td>Target Audience</td>
<td>Investors</td>
<td>Investors</td>
<td>All stakeholders</td>
</tr>
<tr>
<td>Central Emphasis</td>
<td>Quantitative metrics for material ESG topics</td>
<td>Corporate value creation over time and ESG integration into strategy</td>
<td>Qualitative and quantitative ESG disclosures</td>
</tr>
<tr>
<td>Definition of Materiality</td>
<td>Information is material if “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.” (U.S. Supreme Court definition)</td>
<td>“A matter is material if it is of such relevance and importance that it could substantively influence the assessments of providers of finance with regard to the organization’s ability to create value over the short, medium and long term.” (IIRC definition)</td>
<td>Information that “may reasonably be considered important for reflecting the organization’s economic, environmental and social impacts, or influencing the decisions of stakeholders.”</td>
</tr>
</tbody>
</table>

Sources: SASB, IIRC and GRI websites and PR representatives. In addition, 12,500 organizations follow the U.N. Sustainable Development Goals.
Chapter leaders spotlight the benefits of member participation

By RUTH SINGLETON
Trusted Professional Staff

NSSCPA members are missing out on a lot if they don't participate in their chapters. That's the message of several current and former chapter presidents from across the state, who say that participation offers chapter members the opportunity to network, advance in their careers, enhance their technical and leadership skills, and give back to the profession.

“The connections that you make are priceless,” said Maria L. Petrollese, the immediate past president of the Mid Hudson Chapter. Petrollese joined the Society in 2008, when she was a CPA candidate. At the time, she worked at a firm that was a 100 percent membership organization and encouraged participation. She joined the Mid Hudson Chapter's Bankers and Attorneys Committee, and it led her to try to join the chapter board and, eventually, the statewide Board of Directors. She now serves on the Board as a director as chapter representative for Mid Hudson.

After taking time off to have two children, Petrollese said, her chapter leadership experience made it easier to get a referral and a new job in industry, as well as adjunct professor positions at Mount St. Mary College and SUNY New Paltz. “I met people in academia and now teach—all from the State Society.” As someone who works in industry, Petrollese remarked that an important benefit is the CPE that the chapter provides (many public accounting firms provide CPE for their employees).

The role of institutional investors

So far, most shareholder action on sustainability has been on the part of institutional investors, such as large, diversified pension funds. Such players tend to be bound by fiduciary duty to seek the best returns for their beneficiaries. As the finance world has grown more aware of the link between sustainable business practices and long-term profits, these fiduciaries have taken it upon themselves to leverage their capital in the service of encouraging responsible corporate behavior. The aforementioned RBC/BlueBay survey noted that an emerging trend is that the CPE that the chapter provides (many public accounting firms provide CPE for their employees).

“Fiduciaries must not too readily treat ESG factors as economically relevant to the particular investment choices at issue when making a decision. It does not ineluctably follow from the fact that an investment promotes ESG factors, or that it arguably promotes positive general market trends or industry growth, that the investment is a prudent choice for retirement or other investors,” said the DOL guidance.

So while something can be both profitable and sustainable, the DOL guidance said that a fiduciary cannot prioritize the latter over the former. Webber said the extent to which a fiduciary can or should consider ESG factors while still fulfilling its duties as a fiduciary is currently a “hot topic” in legal circles. Given the rapidly changing discourse around corporate sustainability, he believes there might come a day when there’s significantly more flexibility for fiduciaries to make choices. Today, however, he said that current law means it’s easiest for fiduciaries to remain within the long-term profit frame.

“There’s a certain debate over how much flexibility [they can have], but traditionally fiduciaries have been on safest legal ground when they say they’re focusing on ESG as a source of returns,” he said.

Arbatane said there’s little more flexibility when it comes to non-ERISA fiduciaries, although the extent depends on what’s being given up, and what is expected in return. Different clients will have different tolerances for long-term, sustainable growth versus shorter-term profit maximization.

“If you’re giving up 50 basis points in performance over time, that’s a huge amount if you’ve got a 20-year time horizon. If it’s just five, it’s not inconsequential, it’s something, but you could maybe make a decision to live with that as an investment,” he said.

Inherent tensions

Kraten noted, however, that, fiduciary duty or not, there has always been tension between optimizing profits and acting responsibly. He pointed to the film Miracle on 34th Street, in which Macy’s hires a Santa Claus who steers people to rival stores, if it’s a better deal for the customers. He conceded that it’s a challenge to navigate these tensions, not helped by the “murkiness” of the laws surrounding corporate social responsibility.

“On the one hand, it’s true that if you give something to a competitor, your shareholders can sue you,” he said. “But if you don’t give something away and you damage the external stakeholder, they can sue you. So either way, you have benefits and risks of either acting on a socially responsible manner in accordance with principles of sustainability, or simply focusing on immediate profit maximization.”

“Muddying this issue, however, is a lack of clarity on what these disclosures mean to investors, and how useful they actually are in making a decision on ESG factors,” NYSSCPA Past President J. Michael Kirkland, who serves on the Sustainability Committee, said that investment bankers and advisers today very much want to invest in sustainable companies, but many struggle to determine which ones are actually walking the walk. While over 90 percent of S&P 500 companies currently issue sustainability or corporate social responsibility reports, there is little uniformity or comparability between them, which can limit their usefulness to the investing community. Kirkland noted, too, that there’s also the concern, due to a lack of attestation requirements, over whether the information itself can even be trusted.

Continued from page 3

Sustainability

Continued on page 22
Michael Schmidt
Continued from page 1

year, 24 million electronically. We take around 5 million calls and send 17 million pieces of discrete correspondence, so that’s really a lot of activity. The shift toward automated, technology-driven operations has developed rapidly over the last 20 years. So one thing I’ve been struck by in maintaining the taxpayer perspective in the context of a large, automated, technology-driven business and making sure we have that perspective well represented.

To give just one example—and one, in fact, where the NYSSCPA has had a role in helping us think through the issues—we have a lot of work to do to make our correspondence as clear and as understandable as possible, and those are the types of challenges I’d like to take on.

What new program or initiatives will your office be focusing on over the coming months? What’s on the horizon for you?

Most immediately, we have tax season coming up for the personal income tax, so we’ve got to get ready for that; to implement all the legislative changes associated with last year’s budget; and to get ready for the upcoming legislative session, where the tax department does have a role in supporting the executive and legislative branches in designing tax legislation going forward. One big potential piece of business on that front, with huge implications for the department, is the potential adoption of an adult-use, regulated cannabis program, which would be a sizeable new regulated market in the state, and there are very important decisions that have to be made with tax policy and tax administration associated with that.

And what would be the tax department’s role in that program? How would you be supporting this effort?

I think important questions with respect to what an adult-use cannabis program will look like are: How is it taxed? What are the tax rates? Where is that tax collected and from whom? And how do we work to operate such that we’re pulling as much of the black market into a regulated and taxed program? So I think the role of the tax department would be administering that program but also working with other regulators in the state—health regulators and others—in providing a kind of coordinated, comprehensive statewide approach to the issue.

You spent many years focused on federal policies, from the U.S. Treasury Department’s Office of Domestic Finance to the 2016 Clinton campaign. In what ways do New York’s tax policy challenges mirror those of the nation as a whole and in what ways are they unique to this state?

In some ways, they’re identical in the sense that, in New York state, we actually start, as the basis of our personal income tax, with the federal adjusted gross income. So to the extent that the federal government adjusts its tax policies, there is an immediate and potentially consequential effect on the state, which is what we saw after the federal government passed the Tax Cuts and Jobs Act and we had to respond to that. But there are areas where it’s completely different. If you look at the state and local level, the largest tax collected is not even collected at the federal level—property tax—and the department has a role in overseeing that system. Similarly, there are all sorts of challenges associated with sales tax policy and collection, which we in the state have to grapple with. In addition, at the state level, we really have to think of what it means to operate in an integrated national economy, and the types of policy and administrative challenges that presents, such as the attribution of tax for multinational companies—how do we do that at the state level? We think about collection of sales tax from out-of-state vendors—there’s a lot of activity going on there right now. So that’s a set of challenges that exist at the state level as well.

Similarly, when you were deputy secretary of economic development in Albany, you oversaw a wide variety of agencies, each focused on different sets of issues. What kind of insights does this macro view give you into the specific area of state tax policy and administration? As tax commissioner, how can you advance the overall economic agenda that you focused on before?

I think it’s safe to say that I really value the broader set of policy-related experiences I’ve had in economic development and housing policy. Earlier, I worked at the U.S. Treasury Department, focusing on regulatory reform issues in the wake of the 2008 crisis. It’s very valuable to have a perspective not only on these other policy areas and how they can have an impact on the economy and people’s lives, but also on how tax policy can interact with these other areas. Having that broader range of perspectives has really been a help.

Understanding that it’s always a little of both, do you view your position as more administrative, as in making sure that processes and procedures run smoothly, or transformative, as in using your position as tax commissioner to drive broader economic change?

I would adjust the question or even challenge the premise. One of the things I’m excited about in this job is just the impact you can have operating in the context of tax administration, given the extent to which we touch so many people’s lives. One thing the governor has said in the past is that when state, better for the department, and the practitioner community can be such a huge part of that. If we are communicating well than practitioners, if we are effective in maintaining that partnership, then tax practitioners can be a multiplying force in terms of allowing us to encourage responsible compliance throughout the state with all taxpayers. So I view it as a really critical relationship in that sense. In terms of what practitioners can do to support us, feedback is really important. I want to hear when things are going wrong, when there are areas of department operations that can be improved. If there’s a notice that goes out that can be improved, we need to know that because then we can take the time to fix it. So that type of feedback loop is something I’m really focused on making sure we have, and I’ve been in touch with the NYSSCPA, figuring out how we can interact with your organization on a regular basis, and I’m excited about that.

New York has joined other states in working to both repeal the $10,000 state and local tax (SALT) deduction cap, as well as to legitimize the use of charitable deductions to mitigate its effects. Do you believe this matter is eventually bound for the Supreme Court?

Well, it’s a matter of ongoing litigation, so I won’t necessarily comment on that path, but I can talk briefly about the SALT issue. The background, of course, is that legislation the federal government passed at the end of 2017, which for the first time in the history of the income tax—going back to the Civil War—significantly limited the deductibility of state and local taxes. That’s an action that had a disproportionate and negative impact on states like New York. We have calculated that we expected federal tax liability to increase for New York residents as a result of the cap by around $15 million every year. One thing proponents of the cap talked about in the past is that the SALT deduction is a subsidy for high-tax states; in fact, the subsidy has already been going in the other direction. In New York, we pay the federal government billions more than we get back every year. We are the largest “donor state” in the country, and this cap takes that imbalance and really supercharges it in a way that I think is significantly damaging for the competitiveness of the state and its residents.

Tax departments all over the country have faced IT challenges, particularly where it concerns upgrading from old legacy systems. Where do you think New York is when it comes to these challenges, and what is the plan to meet them?

A lot of our readers are tax practitioners who will be directly affected by your policies. What message would you have for them? And, similarly, what could New York’s preparer community do for you and your department?

The most important thing we can do in tax administration, for everyone, is to encourage voluntary compliance. That is the name of the game. It’s better for taxpayers, better for the
No change to ethics CPE in January 2020

By RUTH SINGLETON
Trusted Professional Staff

The changes to ethics continuing professional education (CPE) that the New York State Board for Public Accountancy approved in October 2018 will not go into effect in January 2020. That’s because the New York State Board of Regents has not yet approved the regulations to implement these changes. Even if the Board of Regents were to approve the regulations at its December meeting, there would not be enough time for CPE providers to prepare for the change.

On Oct. 24, 2018, the public accountability board voted on changes that would require New York-licensed CPAs to complete two credits of ethics CPE per year, with a minimum of two New York state-approved ethics credits every three years. Currently, CPAs need to take four hours of ethics CPE during a three calendar-year period. The board voted on an effective date of Jan. 1, 2020, for the changes. (For more information on the changes, and to read about the NYSSCPA’s position, see the article in the January/February 2019 issue of The Trusted Professional, on page 1.)

Since the public accountability board voted to approve the changes last year, the Board of Regents has not acted on them.

The minutes to the board’s July 31, 2019, meeting explain why: Executive Secretary Jennifer Winters “noted that … the lawyers have not worked on the regulations for the Section 70.9 and it is still pending. A new effective date will need to be selected … that will … allow for enough time to implement the new rules and notify the licensees and sponsors.”

Law requiring CPE for newly licensed CPAs to go into effect in January

During the public accountability board’s Oct. 23 meeting, Winters said that she does expect the Board of Regents, at its December meeting, to vote on regulations that will implement the law signed by Gov. Andrew Cuomo last December, eliminating the exemption from CPE for newly licensed CPAs. She said that the Board of Regents may vote on an emergency basis, given that the law states that it is to go into effect on Jan. 1, 2020. (For more information on the law, and to read about the NYSSCPAs position, see the article in the January/February 2019 issue of The Trusted Professional, on page 3.)

The Trusted Professional will report on the Board of Regents’ actions after its meeting, which is scheduled for Dec. 9–10.

rsingleton@nysscpa.org

GELMAN, ROSENBERG & FREEDMAN CPAS IS NOW
GRF CPAS & ADVISORS

A premier provider of accounting, tax and advisory services to charitable organizations, international NGOs, PACs, and trade and membership associations for over 38 years.

INSIDE ACCOUNTING.public top 200 Firms 2019

CPAS & ADVISORS

Personal Service With Powerful Solutions.


Risk of recession

Continued from page 1

third parties,” he said. “We make sure all our engagements, tax or otherwise, have a detailed engagement letter. We evaluate all the clients to see if [each] client is still a good fit for our firm and, if not, we will disengage from the client. We actively work with our [errors and omissions insurance] carrier to see what best practices they recommend. (This is all to protect the CPA firm from getting sued by clients and/or third parties if a recession negatively impacts the client.)

Joel A. Cooperman, co-founder and CEO of Citrin Cooperman and a member of the Large and Medium Sized Firms Practice Management Committee, said, “Recessions have a cycle to them, and I believe we’re about two years past that cycle right now, so to think we won’t have one is silly.”

However, as a firm owner, he said the 2008 crisis is a good example of how the firm might react to an incoming recession. During that time, he said, “we did nothing different in ’08 and ’09 than we did in ’07 and ’06.” He said that this was because, no matter the economic conditions, his firm has always been mindful of controlling expenses, and right now, he is carefully watching new client generation to “make sure we’re not overhiring staff,” as well as assessing office lease renewals. But, he said, his firm is not particularly worried about a recession because it has a deep capital reserve that it will reliably be able to lean on in the event of a recession.

He did note, however, that not everything remains the same in recessions. For one thing, because clients won’t have as much money, the firm will need to pay more attention to billing, as “we don’t want to run up $50,000 in fees without the expectation of clear understanding of how it will be paid.”

“We’re already battening down those hatches,” he said.

Another thing is that certain advisory practices—litigation support, IT, cybersecurity and transaction advisory—tend to slow down fast in a recession, “so these are areas we need to be very, very careful about.”

One thing he said he absolutely did not, and does not want to do, however, is to burden the staff. During the 2008 crisis, he said, he made it a point not to cut benefits and to keep giving raises because he thought staff loyalty was more important, although he noted that the firm was able to do this because of the aforementioned capital reserves.

“So we’re careful right now to retain more capital than we might have ordinarily retained at the end of the year,” he said. Orume A. Hays, a sole practitioner and chair of the Small Firms Practice Management Committee, said that her clients, too, seem more optimistic about the economy and aren’t concerned about an oncoming recession. She added, however, that she herself is closely monitoring the situation.

“As a firm owner, I am implementing the same advice rendered to clients,” she said. “We are keeping an eye on costs and cash flow; however, we are ready to take advantage of any opportunity a recession might bring about.”

Differing outlooks from industry CPAs

CPAs in industry report differing levels of concern over a possible recession, based on their companies’ circumstances. For example, although Anthony Cassella and Jack Vivinetto both work in industries that create goods, the large differences between what their companies do have produced large differences in how they’re reacting to a possible recession.

Cassella is the CEO of J. Queen New York, which deals primarily in goods such as comforters, towels and rugs. He has seen several recessions come and go over the years, but, he said, the current situation is much more precarious. Inventory management is a major component of his firm’s success, and so, traditionally, when he believes hard times are ahead, he has worked to adjust how much his firm buys and holds. Today, however, the White House’s tariffs have complicated his ability to do so, which has limited his ability to plan for the future. This is particularly troubling, given that his products are more sensitive to the wider economy, as they are generally considered discretionary spending.

“People do not have to buy a new comforter necessarily. They will wait, they will look for sales, do other things. I think that will start to reflect itself in the marketplace. It’s a very, very difficult situation,” he said.

That being the case, Cassella said his company is always looking for ways to be more resilient, simply as a matter of course, and so he is always finding ways to cut costs like freight and warehousing. However, he said, “We just … are doing it with a little more urgency right now.”

In contrast, Vivinetto is the CFO of the Sugar Foods Corporation, which concentrates on consumer staples, namely candy, bulk sugar and other grocery items. He, too, has seen several recessions in his career. When asked what his company tends to do...
when it sees a possible economic downturn ahead, he said, “Nothing.”

“We’re in a different category,” he explained. “The products are less discretionary. You have to eat, OK? Because people have to eat, that means we’re going to have the same sales volume, the same products, which means we can’t cut back on production, since we still have to make the product. So the macroeconomic changes really do not affect us at all because the basic business model we have is: We make good products for consumers, and if there was a recession in eating, we would feel it.”

Vivinetto also pointed to his firm’s culture as another reason for him not to worry. Generally, he said, its response to downturns has been to grow its way out of the business cycle rather than cut costs and lay off staff. The company can do this, he said, because it typically has not lost much revenue during recessions.

“What we may, may, consider is pausing on building and there will be a little pause there to see how that shakes out. But in general, we don’t cut,” he said.

But Vivinetto did say that if he worked for a bank, an investment firm or a real estate firm, then he’d be very worried.

General unease in banking, real estate, investment

Jeremy R. Goss, chair of the NYSSCPA’s Banking Committee, said that while the banking clients that he has observed have not been making major public moves in preparation for a recession, he has found, through conversations, that there is a sense of general uncertainty within the sector.

“I wouldn’t say I’ve had specific conversations [along the lines of], ‘We’re taking this particular strategy because we see a downturn coming,’” he said. “While bank balance sheets and earnings metrics remain strong, there is a lot of talk in the media out there, and you’ve got to pay attention to that to some degree, since psychology can factor in the equation.”

Goss said that, traditionally, when banks have been worried about the future, they have tended to take measures such as reassessing investments, diversifying their customer base and maintaining higher levels of capitalization. If a bank is particularly well-capitalized during a downturn, it might look into acquisition strategies, as some did during the 2008 crisis.

But, he noted, “We’re in a transition time for banks right now.” Regardless of macroeconomic trends, he said, banks have been negatively impacted with outside pressures from nonbank tech companies that have been competing with them for products such as payment services, and many are determining how to respond. This environment, he said, “muddies the waters a little bit” when considering what they might do during a recession.

The real estate world, in contrast, has been seeing a great deal of activity of late, according to Jason A. Hoffman, chair of the Society’s Real Estate Committee. While aspects of that field, like bank financing, are responding to sector-specific pressures (such as the recently passed statewide, sweeping rent regulations in New York, which, he noted, drastically changed property values), he said developers on the whole are well aware of how a recession can exacerbate matters and have been making moves with that in mind. For instance, many developers are currently stockpiling cash, and he has been “seeing a lot of refinancing lately, especially for interest rates long term.”

These moves, however, are not necessarily defensive. Instead, he said, they are meant to capitalize on opportunities once a recession does arrive. At that point, he said, prices will fall even lower, and those who are prepared will be able to quickly capitalize on the environment and snap up good investments.

“Everyone is gearing up for when it is time to buy,” he said. “They want to be in a good situation, so they’re locking down long-term credit, they are starting to re-finance … and preparing capital they will need for when there is an opportunity … It’s better to get it now, while people are still interested in doing deals, than when, in a recession, everyone is scared. So locking up capital in advance is one of the biggest things you can do.”

Anthony J. Artabane, the chair of the Society’s Investment Management Committee, said that, right now, the fund industry has responded to macroeconomic trends by moving into what he referred to as a cost focus. He said this does not necessarily mean cost reductions, but rather, passive, low-cost strategies like index funds and exchange-traded funds, which many retail investors have adopted. In contrast, he said, active fund managers have been losing assets year-over-year due to concerns over fees—something that has long been an issue in the fund world, but, as in real estate, is exacerbated by the current economy.

Other people’s responses to a possible recession have also been leaving a mark on the fund world, he said. Beyond the movement from active to passive investment, he said that people are looking to build more cash, and so he has been seeing movements from equities to fixed income, which is a traditional step when people want to be financially defensive. While these products are less profitable, he said, they are seen as more secure.

Wealth advisers remain calm

Madelyn R. Miller, a managing director and financial adviser at JP Morgan Chase’s wealth management division and a member of the Family Office Committee, does not herself believe a recession is on the horizon, and even if it was, she noted that many family offices are long-term focused and built to withstand volatility. While she did acknowledge that “we all know this doesn’t look and feel good right now,” she has advised her clients to remain calm. When they do occasionally call with concerns about the state of the economy—she has seen a very slight uptick in such calls—she said that “we’re not doing total rehabs; [we ask] what can we do along the edges to protect them.”

Risk of recession

Continued from page 6
“I have seen, sometimes, when advisers are giving them so much tactical advice to redo their entire portfolio,” she said. “I don’t think they’re always coming out ahead.”

That being said, she said she has explored a number of different options for clients looking to be more defensive in the current economic environment. For instance, shifting investment balance from growth-oriented to value-oriented equities was what she said were the “steadily eddies with high dividends or strong dividend history or performance.”

Similarly, slowdowns and downturns see fixed-income strategies shifting away from high-yield bonds, which tend to be risky, in favor of safer, if less lucrative, bets.

“What we’re saying to clients sitting on a lot of cash today is to stay in something very, very safe and short,” she said.

JPMorgan has also begun to explore gold-structured products—that is, structured notes based on the price of gold. While gold has typically been seen as a safe place to hide money during recessions, she said that gold itself is highly volatile. Gold structures, on the other hand, are engineered to shield holders from most of that volatility, and so have become an attractive alternative.

An additional area of stability she said that her firm has been exploring is low-volatility hedge funds, not the types that “get a huge bang like those 20 percent returns everyone used to look for,” but rather, “single digits, below 10 percent.” This is all to build something that’s less sensitive to market shocks.

“We want to have a basket that behaves differently than the stock and bond market, and sometimes hedge funds can accomplish this,” she said.

David M. Barral, a wealth adviser with The Northern Trust Company and chair of the Personal Financial Planning Committee, said that “it’s kind of obvious that their firms and clients can ride out a potential downturn.

“With smart precautions, however, to ensure agreement with him: There’s no real sense of panic regarding a pending recession. CPAs are taking smart precautions, however, to ensure that their firms and clients can ride out a potential downturn.

On the whole, the profession appears to agree with him: There’s no real sense of panic regarding a pending recession. CPAs are taking smart precautions, however, to ensure that their firms and clients can ride out a potential downturn.

Suzanne M. Holl, CPA, Camico’s senior vice president of loss prevention services, does a fine job of check-listing numerous real risks in “Red flags and best practices for CPAs who serve as trustees,” in the September/October 2019 issue of The Trusted Professional, page 10. However, her statement, “Service in this role can become a sinkhole of wasted time and money,” must be offset by noting that our honorable profession is ideally suited for handling any disruptive family relationship situation. The focus one needs to “survive” such a service is knowing you are adding to its members’ heritage. No matter how miserable everyone involved emotionally feels, to reach a final settlement, you will, after the fact, demonstrate how it can be done without actual or perceived conflicts of interest, and this will be noted for generations to come.

Jimmy McKeown, CPA
Cicero, N.Y.
Managing ongoing insider threats

By JOEL LANZ, CPA/CITP, CFF, CISA, CISSP, CFE

D espite significant efforts to combat online security breaches and resulting financial losses, reports of such activities, actual dollar losses and projections of future damages continue to increase. Most efforts seem to focus on external threats, such as hackers, competitors and certain foreign-sponsored entities. The risks arising from these external sources are well documented, and are communicated to executive management and board members. CPA firms discuss these risks with audit committees, and numerous vendors focus their marketing efforts on these risks. Yet the same heightened concern and investment are not typically the reaction to threats arising from insiders—employees or trusted parties who are authorized to access or share sensitive data or manage transactions.

Desjardins Bank, Capital One, Coca-Cola and Facebook are just some of the well-known examples of companies known for strong cybersecurity controls, yet they became victims of activities initiated by malicious insiders. Many technology risk assessments tend to focus on external threats, with relatively minor concern relating to control practices used to manage insider risks.

Many executives keep believing that it will never happen to their organization. After all, they think that they hire the best, vet prospective employee backgrounds as best they can, and develop a team mentality—even, in some cases, a type of “family” relationship among employees. Yet, according to Verizon’s 2019 Insider Threat Report (vz.to/2mispWQ), privilege misuse (also called insider and privilege misuse) represents some 20 percent of all cybersecurity incidents and nearly 15 percent of all data breaches that were reported in Verizon’s 2018 Data Breach Investigations Report. The Insider Threat Report, on p. 5, states, “The Insider and Privilege Misuse pattern includes insider threats when external threats collaborate with internal actors to gain unapproved access to assets.”

Accountants have always been aware of insider threats and consistently advocate that their clients implement appropriate risk management programs in order to mitigate the danger and damage that insiders can create. They have experienced and seen the impact of the estimated losses that total 3 percent of annual revenues, as identified in the respected Association of Certified Fraud Examiners’ (ACFE) Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse (bit.ly/2NqlQeb), on p. 8). Yet the same ACFE report (p. 31) indicates that “in 30% of cases, a simple lack of controls was the main factor that enabled the fraud to occur, while another 19% of cases occurred because the perpetrator was able to override the controls that had been put in place.” These statistics imply that financial executives should take action that would potentially reduce these losses.

Many risk management professionals may find that traditional fraud prevention assessments, although beneficial, especially at the governance and oversight levels, do not adequately facilitate the consideration of specialized technology threats, controls or practices. To help manage this gap, this past year, the well-regarded CERT (originally the Computer Emergency Response Team) Division at Carnegie Mellon University’s Software Engineering Institute published the sixth edition of its Common Sense Guide to Mitigating Insider Threats (bit.ly/2Malp26). The guide “decribes 21 practices that organizations should implement to prevent and detect insider threats, as well as case studies of organizations that failed to do so. Each practice includes challenges to implementation, quick wins, and high-impact solutions for small and large organizations.”

Steps to prevent and detect insider threats

According to its abstract, the guide “describes 21 practices that organizations should implement to prevent and detect insider threats, as well as case studies of organizations that failed to do so. Each practice includes challenges to implementation, quick wins, and high-impact solutions for small and large organizations.”

Quite a few of the practices identified will be familiar to financial executives. These include maintaining asset inventories; adopting robust policies; maintaining and enforcing a strong segregation of duties; passwords and related access controls; and undertaking corresponding monitoring and review activities—especially relating to privileged users. Other practices will provide cause for new or “out-of-the box” thinking. These include monitoring social media activity, aggressively managing data exfiltration, adopting positive incentives and establishing normal behavior baselines to facilitate monitoring over employee and system activity.

If your responsibilities include performing or reviewing technology risk assessments, you will appreciate Appendix C of the Common Sense Guide to Mitigating Insider Threats, which provides a cross-reference to recognized security practices promulgated by the National Institute of Standards and Technology (NIST), the International Organization for Standardization (ISO), the European Union General Data Protection Regulation (GDPR) and the Center for Internet Security Controls (CIS). Chapter 12 provides a useful listing of potential data sources, including logs and other audit trails that can be used to accumulate information.

By using these, together with suggested metrics included in other areas of the guide, risk management professionals can develop or enhance their analytical efforts to better control insiders.

Insider risk is a threat source that requires strong oversight, similar to any heightened external threat. New governmental cybersecurity expectations will force businesses to better manage this threat. New York state’s recent passage of an updated data breach notification law, known as the Stop Hacks and Improve Electronic Data Security Act (SHEIELD Act, SS575B/AS653B), broadens the scope of information covered under the notification law, including the definition of a data breach to include an unauthorized person gaining access to information. The recently announced Department of Defense cybersecurity program for its contractors, known as Cybersecurity Maturity Model Certification (CMMC), will provide additional pressure on businesses of all sizes to more effectively manage their insidrs and other trusted partners.

Joel Lanz, CPA/CITP, CFF, CISA, CISSP, CFE, is the sole proprietor of Joel Lanz, CPA PC, and a visiting assistant professor at SUNY College at Old Westbury. He is a member of the NYSSCPA’s Technology Assurance and Internal Audit committees, as well as the CPA Journal Editorial Advisory Board.

EXCELLENCE IN LAW

Proud Sponsor of NYSSCPA

PERKINS COIE is proud to be an ongoing supporter of the New York State Society of CPAs.

www.trustedprofessional.com | The Trusted Professional | November/December 2019
By RIC ROSARIO, CPA, CFE, CGMA

What’s the right policy limit for your firm?

If one had to choose the question most frequently asked by Camico policyholders, the likely winner would be, “What should our policy limit be?” This is not an easy question to answer, which may explain why it is asked so often. Regardless of one’s level of expertise in CPA professional liability, risk management and insurance, the answer requires a careful consideration of a variety of factors that run the gamut from the relatively well defined, such as regulatory requirements, to the more subjective, such as the “sleep well at night” factor.

Some factors are easy to understand—such as the dangers of being underinsured and overexposed to liability—while others are not so easy, such as the perils of being overinsured and creating a target for unlitigated litigation.

A thorough consideration of the pertinent factors should ultimately lead to well-informed choices that best suit your firm’s requirements. While the following presents a general discussion of the considerations, you should discuss your situation with your insurance agent or underwriter.

How much is enough?

When considering the areas described in the following discussion, keep in mind that your policy limit serves two purposes: to cover damages from an error committed by the firm in providing professional services, and to protect the assets of the firm and its owners from the financial consequences of a claim, by using the insurance protection mechanism.

1. Annual firm revenue. This amount is a good starting point in considering how much protection your firm should have. Camico’s data on the limits chosen by approximately 8,000 policyholder firms is presented in the accompanying table, “Policy Limit to Firm Revenue,” for comparison purposes. The table shows the distribution of per-claim policy limits selected by insured firms, according to their annual revenue range.

2. Regulatory requirements. If you are practicing in an entity form such as an accounting partnership or a limited liability corporation (LLC), or a limited liability partnership ( LLP), you may be required to carry certain limits of liability insurance in order to qualify as an entity that will receive limited liability legal protections. The regulations for such entities can vary by state, so firms practicing in an entity form such as an accounting partnership, public offering, or investment advisory firms may need to ascertain which regulations apply to their entity form.

3. Risk exposures from services. The types of services offered by your firm, and the risks posed by them, can affect the size and types of limits you should have, especially when it comes to the question of single versus split limits.

4. Risk exposures from clients. The severity of a claim is closely related to the size of the client. Look closely at the kind of clients you have. If you have one or more high-net-worth clients, consider the amount of damages that may be claimed by such a client as a result of an error or omission. A firm with lower-net-worth clients will have less of a risk exposure. Another example would be an audit client that has significant lines of credit or loans to the business.

5. Firm and partner assets. Theoretically, adjudicated liability in excess of the policy limits may expose the firm and/or its partners to claim amounts not covered by your policy. However, in Camico’s experience, there have been only a handful of claims where payments to the plaintiffs have exceeded policy limits. Generally, as long as the policy limit is sufficient, relative to the net worth that can legally be reached, plaintiffs will accept the amount available under the policy.

Camico is not an advocate for “buy as much as you can afford.” The size of the limit can, unfortunately, motivate plaintiffs to exaggerate their damages and make it harder to negotiate a reasonable settlement. The best size is neither too big nor too small.

6. The “sleep well at night” factor. The firm needs to decide how to best manage its risks to be within its risk appetite. This involves a combination of loss prevention and risk management programs, in addition to its insurance coverage.

Some firms and their partners are comfortable with the adequacy of their risk management abilities and procedures, which may lead them toward lower policy limits. Others are less comfortable about their ability to manage their own risks, which may lead them to choose higher policy limits.

---

By RIC ROSARIO, CPA, CFE, CGMA, became CEO and president of Camico (www.camico.com) in 2009. Since then, he has seen the company grow from about 7,300 policies to more than 9,000. Prior to becoming CEO, he was executive vice president of risk management, with executive oversight of underwriting, claims, marketing and communications for the company.

For information on the Camico program, call Camico directly at 800-652-1772, or contact Dan Hudson, Chesapeake Professional Liability Brokers, Inc., 410-757-1932.
Six tips for starting an advisory practice

In order to stand out in a crowded profession, many financial professionals are leveraging the escalating trend toward advisory services. The ability to offer specialized knowledge allows you to differentiate yourself from competitors and position yourself more favorably within the marketplace.

One of the best ways for you to demonstrate your knowledge and expertise in particular areas is through the addition of credentials. The AICPA offers the only credentials built on the foundation of competence, objectivity and integrity. They are: Certified in Financial Forensics (CFF®), Personal Financial Specialist (PFS®), Accredited in Business Valuation (ABV®) and Certified Information Technology Professional (CITP®).

Think through your game plan

Let’s face it. Many qualified financial professionals are entrepreneurs at heart, so branching out into an advisory service often feels like the natural evolution of their business. Of course, adding an advisory service to an established practice takes dedication and diligence. But it can be an immensely rewarding pursuit, both professionally and financially.

Before deciding to offer an advisory service, you must be willing to—

1. Commit to spending the time it takes to develop an advisory service practice. As Susan Pierce, CPA/CITP, CGMA, and senior technical manager of the Information Management and Technology Assurance Division at the AICPA said, “You can’t just hang a sign up and be successful: you need to have a plan.” For many established firms, that means writing an entirely new business plan. Consider such things as the market for the services you are considering providing and what competition you might face.

2. Identify your target audience. Adding an advisory service offers the potential to tap into a new client base, which may be the one to select the valuation, forensics or technology specialists. Keep in mind when marketing your advisory service.

3. Reassess your fee structure. With the addition of an advisory service comes the responsibility to your firm for knowing how and what to charge clients for your new offering. You want to remain both competitive and profitable. If you don’t adequately understand all the costs associated with the new service and factor them into every proposal, you may lose money.

4. Consider the technological investment that advisory services require. Re-searching and talking with practitioners will help you assess what you’ll need in your new practice area. The upfront costs of purchasing software or systems and ongoing expenses, such as training and updates, should be factored into your business plan. This investment will more than pay for itself as your practice grows.

5. Follow any applicable standards and regulatory and compliance requirements of your advisory service area. To avoid issues standards for business valuation, personal financial planning and consulting services to provide consistency in these areas of practice and to protect the public and the reputation of CPAs. Information technology advisers need to understand the requirements associated with the software products they implement or assess.

6. Obtain a credential in your advisory area. Here are two ways to look at it: First, you can use an AICPA credential as the pathway to gaining in-depth knowledge as you move toward offering new services. Or, if you already have in-depth knowledge, experience and education in an advisory area, you can use a credential to help market your services and differentiate yourself, your firm or your role within an organization.

It’s worth noting that, even if you have the financial and personnel resources to start an advisory practice, the AICPA Code of Professional Conduct states that you cannot take on a professional engagement without the requisite set of knowledge, skills and competencies. A credential is an official way of demonstrating that you have met these requirements.

What can each credential do for you?

Most financial professionals are drawn to the credential that currently complements their professional interests, knowledge and skills. Here is how each credential serves its holder:

The CFF credential encompasses fundamental and specialized forensic accounting skills that you can apply in a variety of service areas, including bankruptcy and insolvency; computer forensic analysis; family law; valuations; economic damages calculations; and fraud prevention, detection and response. This credential also sets you apart as an expert witness in the courtroom.

The PFS credential showcases expertise in personal financial planning. Many financial professionals use this credential to expand or diversify a tax-focused practice by demonstrating a comprehensive knowledge in financial planning and tax, thereby offering a holistic approach to their clients’ financial needs across retirement, estate, tax, risk management and investment planning.

The ABV credential is ideal for financial professionals who want to enter an in-demand area by positioning themselves as an expert business valuation service provider who not only reaches a conclusion of value, but also creates value for clients through the strategic application of their analysis.

The CITP credential recognizes financial professionals who have the unique ability to provide technology-related assurance and business insight by demonstrating their knowledge of information, data relationships and supporting technologies. Focus areas include IT risk and IT assurance, security and privacy, business solutions, data analytics and emerging IT trends. CITP credential holders are helping their clients or organization improve operations, ensure financial data integrity, determine risks associated with financial reporting, and prevent and detect fraud.

Remember, these credentials are available only to qualified financial professionals who meet the criteria for professional experience and minimum education requirements as outlined by the AICPA, and who pass the required exam.

Additional resources for advisory services

Before obtaining a credential, consider joining an AICPA section. Section membership provides you with access to technical content, advisory practice resources and discounts on credential education materials and exams. Once you hold a credential, the credential fee includes all of the section benefits, including webcasts, practice guides, guidance on hot topics, tools to practice competently and profitably, discounts on conferences and more, plus additional resources developed for you as a credential holder. And you’ll connect with other financial professionals who can offer advice, which can kick-start your advisory practice.

If you decide to pursue a credential as one of the first steps to starting an advisory practice, the AICPA will support you every step of the way by providing the resources and tools you need to maintain the highest level of competency in your specialty. When you’re ready to set yourself apart with an AICPA credential and explore starting an advisory service practice, visit aicpa.org/membership/join/credentials.html.

Throughout the month of November, the NYSSCPA has been celebrating Native American Heritage Month (also commonly referred to as American Indian and Alaska Native Heritage Month) on social media by spotlighting Native American CPAs across the country. Featured CPAs include Society member Barbara L. Montour (left), who has been the Adirondack Chapter president since June 2018. She previously served on the NYSSCPA Board of Directors as director-at-large from 2013 to 2016. To view the profiles of other featured Native American CPAs, or to participate in future social media campaigns, check out the Society’s social media sites.

Follow us on Twitter: twitter.com/nysscpa
Join us on Facebook: facebook.com/nysscpa
Watch us on Instagram: instagram.com/nysscpa
Gov. Cuomo appoints new tax commissioner

Gov. Andrew Cuomo appointed Michael Schmidt as commissioner of the New York State Department of Taxation and Finance. Prior to his appointment as commissioner, Schmidt served as senior economic advisor to the governor, overseeing key economic policy initiatives for New York state. The New York State Senate confirmed him on June 20.

IRS orders 36,000 employees to return without pay to process tax refunds

Despite the government shutdown that began on Dec. 22, 2018, the IRS announced it would recall 36,000 additional furloughed employees to ensure that tax refunds go out on time. For the most part, they would not be paid to do so. After the 35-day-long government shutdown ended, on Jan. 25, the National Taxpayer Advocate Nina E. Olson said that the IRS would need a year or more to recover from it. In addition, a Congressional Budget Office report said that the shutdown would cost the country about $8 billion in foregone gross domestic product into February, $1 billion of which would never be recovered.

Society hosts first Women’s Leadership Forum

The NYSSCPA held its first-ever Women’s Leadership Forum, as part of its effort to promote diversity and inclusion within the profession and effect change for future generations. The focus was workplace transformation, and featured speakers included KPMG LLP Chief Diversity Officer Michele C. Meyer-Schipp and equal pay activist Lilly Ledbetter.

NYS confirms economic nexus applies to sales taxes in wake of Supreme Court’s Wayfair ruling

The New York State Department of Taxation and Finance released guidance confirming its intentions to pursue an economic nexus standard when it comes to sales tax liability. This guidance arrives in the wake of a Supreme Court decision that affirmed a state government’s ability to tax out-of-state vendors, even if they lack a physical presence within the state. The announcement said that, as a result of the decision in South Dakota v. Wayfair, “certain existing provisions in the New York State Tax Law that define a sales tax vendor immediately became effective.”

Lawmakers propose legalizing cannabis on federal level

Sen. Ron Wyden (D-Ore.) and Rep. Earl Blumenauer (D-Or.) introduced a bill that would legalize cannabis on the federal level, thus ending the myriad tax and financial restrictions faced by today’s cannabis business owners. The bill, the Marijuana Revenue and Regulation Act, contains a provision that would treat state-legal cannabis businesses like other small businesses by repealing the tax penalty that singles out marijuana businesses and bars them from claiming deductions and tax credits.

Treasury Department defends lower refunds, saying they are positive sign

Treasury Secretary Steven Mnuchin, in response to reports that taxpayers were getting lower refunds than expected or even owing money when they usually got it back, said that this state of affairs should be seen as a good thing, as it means that people are not overpaying the government as much. He said that taxpayers should be seeing the positive impact in the form of larger paychecks. However, economists said that this perspective ignores the psychological effect of tax refunds—namely, that we tend to notice big lump sums more than small increases over time.

IRS audits grow increasingly unlikely

The IRS audit rate fell slightly from the previous year, continuing a years-long trend of the service’s enforcement function growing increasingly sluggish in the wake of continued budget cuts, according to data released by the IRS.

Society leaders meet with N.Y. members of Congress to support practitioner services division at IRS

At the conclusion of the AICPA’s Spring Meeting of Council, NYSSCPA leaders met with U.S. representatives Carolyn B. Maloney (D-N.Y.), Gregory W. Meeks (D-N.Y.), Jerrold “Jerry” Nadler (D-N.Y.), Thomas W. Reed (R-N.Y.) and Thomas R. Suozzi (D-N.Y.) to ask for support in creating a practitioner services division, so that taxpayer issues are more efficiently resolved.

Society honors past leaders and looks ahead, at installation dinner honoring 100th President

The NYSSCPA hosted “An Evening of Celebration with the 100th President,” to honor Ita M. Rahilly (right) who became the 100th president of the Society, succeeding Jan C. Herringer (left). The dinner took place at the University Club in Manhattan. As the event celebrated the Society’s leadership throughout its 122-year history, 11 past presidents were in attendance.

IRS announces end to faxing of tax transcripts

The IRS announced that, in the interest of protecting taxpayer information, it will no longer fax tax transcripts as of June 28. Tax transcripts—summaries of tax return information—have become increasingly vulnerable, as criminals impersonate taxpayers or authorized third parties.

IRS puts final nail in coffin of state-charity-based SALT cap workarounds

The IRS, never very fond of workarounds, that the 1992 Family Trust v. Kimberley Rice Kaestner (N.Y.) ruled unanimously in North Carolina Dept. of Revenue v. Kimberly Rice Kaestner 1992 Family Trust, that the residence of a beneficiary of a trust in a state, alone, does not give the state government unilateral authority to tax that trust.

100th President

The 100th President, Ita M. Rahilly (right), who became the 100th president of the NYSSCPA, takes office as the 100th president of the NYSSCPA.

USA report. Total donations fell by 1.7 percent from the previous year, to $427 billion. This is in stark contrast with the 3 percent growth in 2017.

Lawyers honor 100th president of NYSSCPA

At a ceremony, in his keynote address, the winner, set the tone for the 36th annual Excellence in Financial Journalism Awards (EFJ) ceremony held at the Tribeca Grill in New York City. Cecary Podkul, a two-time EFJ Award winner, set the tone for the ceremony, in his keynote remarks describing the real-world impact of investigative business and financial journalism.

Treasury Department defends lower refunds, saying they are positive sign

Treasury Secretary Steven Mnuchin, in final report, calls for EITC reform

National Taxpayer Advocate Nina E. Olson, in her final report before her July 31 retirement, called for administrative reforms around the Earned Income Tax Credit (EITC) in order to make it easier to understand and more accessible to the taxpayers who need it most. She also said that the IRS needs to exert more oversight of third-party preparers, and protect and enhance due process rights.

IRS audits grow increasingly unlikely

The IRS audit rate fell slightly from the previous year, continuing a years-long trend of the service’s enforcement function growing increasingly sluggish in the wake of continued budget cuts, according to data released by the IRS.

Society honors past leaders and looks ahead, at installation dinner honoring 100th President

The NYSSCPA hosted “An Evening of Celebration with the 100th President,” to honor Ita M. Rahilly (right) who became the 100th president of the Society, succeeding Jan C. Herringer (left). The dinner took place at the University Club in Manhattan. As the event celebrated the Society’s leadership throughout its 122-year history, 11 past presidents were in attendance.

IRS announces end to faxing of tax transcripts

The IRS announced that, in the interest of protecting taxpayer information, it will no longer fax tax transcripts as of June 28. Tax transcripts—summaries of tax return information—have become increasingly vulnerable, as criminals impersonate taxpayers or authorized third parties.

IRS puts final nail in coffin of state-charity-based SALT cap workarounds

The IRS, never very fond of workarounds, that the 1992 Family Trust v. Kimberley Rice Kaestner (N.Y.) ruled unanimously in North Carolina Dept. of Revenue v. Kimberly Rice Kaestner 1992 Family Trust, that the residence of a beneficiary of a trust in a state, alone, does not give the state government unilateral authority to tax that trust.

Lawyers honor 100th president of NYSSCPA

At a ceremony, in his keynote address, the winner, set the tone for the 36th annual Excellence in Financial Journalism Awards (EFJ) ceremony held at the Tribeca Grill in New York City. Cecary Podkul, a two-time EFJ Award winner, set the tone for the ceremony, in his keynote remarks describing the real-world impact of investigative business and financial journalism.

IRS puts final nail in coffin of state-charity-based SALT cap workarounds

The IRS, never very fond of workarounds, that the 1992 Family Trust v. Kimberley Rice Kaestner (N.Y.) ruled unanimously in North Carolina Dept. of Revenue v. Kimberly Rice Kaestner 1992 Family Trust, that the residence of a beneficiary of a trust in a state, alone, does not give the state government unilateral authority to tax that trust.
1 IRS reform bill signed into law
The president signed into law the Taxpayers First Act of 2019, a wide-ranging bill that aims to structurally reform and modernize the IRS. The law, which cleared Congress in June, will, among other things, establish a new IRS Independent Office of Appeals, lower the e-filing mandate threshold from 250 returns to 10, strengthen the Office of the Taxpayer Advocate, require all tax-exempt organizations to electronically file, allow any concerned taxpayer to get an Identity Protection Personal Identification Number (IP PIN), and require the IRS to develop and submit a comprehensive customer service strategy within a year.

2 IRS further lowers under-withholding penalty waiver threshold to 80 percent
The IRS announced that it would make it easier for taxpayers to qualify for a penalty waiver for under-withholding, taking the threshold down to 80 percent. The expanded penalty waiver was meant to help many taxpayers who didn’t have enough tax withheld.

3 NextGen Conference speaker says adoption is essential in age of tech disruption
Rebekah Brown, director of development at the Maryland Association of CPAs and a keynote speaker at the Foundation for Accounting Education’s NextGen Conference, said that the rate of technological change is growing enormously, and that CPAs must learn to anticipate and adapt to it, if they want to thrive in this new era of disruptive innovation.

4 Lawmakers introduce bill to address ‘retail glitch’ in Section 179 expense deduction
The House Ways and Means Committee introduced HR 3174, which aims to address an issue known as the “retail glitch,” where businesses are improperly deducting amounts for the purchase of eligible retail property. The legislation would require the IRS to address the glitch.

5 Study finds preparing for critical audit matters requirement a substantial time commitment
Compliance solutions firm Intelligize, Inc., said in a recent report that companies preparing to implement the new critical audit matters (CAMs) rule have a significant time commitment on their hands and are advised to begin planning early.

6 Women in Industry: A cannabis company's CEO speaks out
Vivien Azer, a cannabis industry volunteer who serves as CCH SureTax and CCH Kluwer, the Dutch company behind popular services such as CCH SureTax and CCH Ascent, claims 93 percent of Fortune 500 companies as its customers.

7 IRS increasingly relying away from auditing millionaires, giant corporations
Data from Syracuse University’s Transactional Records Access Clearinghouse reveal that IRS audits of millionaires and multibillion-dollar corporations have reached all-time low records, as criminal prosecutions by the agency’s law enforcement wing. Of the 204,278 returns found, 35 percent came from individuals worth $1 million or more last year, 16,305 were audited—the lowest it has been in close to a decade.

8 IRS announces 71 percent reduction in identity theft
The IRS announced significant progress against identity theft, reporting that there has been a 71 percent decrease in the number of people identifying themselves as victims between 2015 and 2018. The service came to this conclusion by looking at the number of taxpayers who filed identity theft affidavits. The IRS received 677,000 three years ago; last year, it received 199,000.

9 IRS commissioner sees need for modernization and to address low revenues
IRS Commissioner Charles Rettig, a former tax practitioner himself, said that he has heard stakeholders outside the tax agency calling for a new division devoted to practitioners, and that he can see the need for one. Speaking during the IRS Nationwide Tax Forum, he said that he has already received several proposals for how such a division might work, including one from the AICPA.

10 Study finds preparing for critical audit matters requirement a substantial time commitment
Compliance solutions firm Intelligize, Inc., said in a recent report that companies preparing to implement the new critical audit matters (CAMs) rule have a significant time commitment on their hands and are advised to begin planning early.

11 Study finds preparing for critical audit matters requirement a substantial time commitment
Compliance solutions firm Intelligize, Inc., said in a recent report that companies preparing to implement the new critical audit matters (CAMs) rule have a significant time commitment on their hands and are advised to begin planning early.

12 IRS waives tax penalty
The IRS announced that it is waiving the estimated tax penalty for 400,000 people who already filed their 2018 federal income tax returns but did not claim the waiver.

13 IRS waives tax penalty
The IRS announced that it is waiving the estimated tax penalty for 400,000 people who already filed their 2018 federal income tax returns but did not claim the waiver.

14 NextGen Conference speaker says adoption is essential in age of tech disruption
Rebekah Brown, director of development at the Maryland Association of CPAs and a keynote speaker at the Foundation for Accounting Education’s NextGen Conference, said that the rate of technological change is growing enormously, and that CPAs must learn to anticipate and adapt to it, if they want to thrive in this new era of disruptive innovation.

15 An exceptionally vexing tax season comes to an end
This year’s tax season was one for the ages, according to NYSSCPA members at firms across the state, who were faced not only with an entirely new tax landscape, but also government shutdowns, software issues and a number of other headaches. One of the main challenges facing practitioners this year was in implementing the Tax Cuts and Jobs Act’s (TCJA) numerous provisions.

16 NextGen Conference speaker says adoption is essential in age of tech disruption
Rebekah Brown, director of development at the Maryland Association of CPAs and a keynote speaker at the Foundation for Accounting Education’s NextGen Conference, said that the rate of technological change is growing enormously, and that CPAs must learn to anticipate and adapt to it, if they want to thrive in this new era of disruptive innovation.

17 NYSSCPA focused on major changes within the profession, strategic planning for the future of the Society and preparing for the 2019–2020 academic year.

18 Study finds preparing for critical audit matters requirement a substantial time commitment
Compliance solutions firm Intelligize, Inc., said in a recent report that companies preparing to implement the new critical audit matters (CAMs) rule have a significant time commitment on their hands and are advised to begin planning early.

19 NYSSCPA focused on major changes within the profession, strategic planning for the future of the Society and preparing for the 2019–2020 academic year.

20 Conference speaker: Growing market driving serious investment
Vivien Azer, a cannabis industry analyst with Cowen and Company, LLC, and the industry overview speaker at the Foundation for Accounting Education’s Nov. 6 Cannabis Conference, said that the burgeoning cannabis market presents a major opportunity, as evidenced by major investors entering the sector for their own piece of what could potentially become an $80 billion sector.

21 Conference speaker: Growing market driving serious investment
Vivien Azer, a cannabis industry analyst with Cowen and Company, LLC, and the industry overview speaker at the Foundation for Accounting Education’s Nov. 6 Cannabis Conference, said that the burgeoning cannabis market presents a major opportunity, as evidenced by major investors entering the sector for their own piece of what could potentially become an $80 billion sector.

22 Goldman Sachs first bank to release report using SASB standards
Goldman Sachs became the first bank to issue a sustainability report using the standards of the Sustainability Accounting Standards Board (SASB).
NYSSCPA Member Insurance Program

Your loved ones depend on you for a stable future. Though the responsibility is immense, you aren’t expected to handle it alone.

Because of your membership with NYSSCPA, you have access to group insurance options covering life, disability, and more. When the hard times come, these plans can help usher you and your family through the storm.

Visit nysscpaplans.com/AP-Now to learn more* or start your application process. To speak directly with an insurance specialist, call 800.342.6501.

NYSSCPAPLANS.COM/AP-NOW

* Including information on eligibility, features, limitations, costs, renewability, and exclusions.
### 2020 Nomination Form for NYSSCPA Awards

<table>
<thead>
<tr>
<th>Please indicate the award you are nominating an individual for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Arthur J. Dixon Public Service Award</td>
</tr>
<tr>
<td>☐ NYSSCPA Distinguished Service Award</td>
</tr>
<tr>
<td>☐ Dr. Emanuel Saxe Outstanding CPA in Education Award</td>
</tr>
<tr>
<td>☐ Outstanding CPA in Government Award</td>
</tr>
<tr>
<td>☐ Outstanding CPA in Industry Award</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community, Charitable and Government Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(To be answered if nomination is for Arthur J. Dixon Public Service Award)</td>
</tr>
<tr>
<td>1) Organization</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Describe Responsibilities</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Number of Years</td>
</tr>
<tr>
<td>☐ Elected ☐ Volunteered ☐ Appointed</td>
</tr>
<tr>
<td>2) Organization</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Describe Responsibilities</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Number of Years</td>
</tr>
<tr>
<td>☐ Elected ☐ Volunteered ☐ Appointed</td>
</tr>
<tr>
<td>3) Organization</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Describe Responsibilities</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Number of Years</td>
</tr>
<tr>
<td>☐ Elected ☐ Volunteered ☐ Appointed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special Considerations - IMPORTANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 1,000 words or less,* highlight the nominee’s qualifications and outstanding service and contributions to the profession as they relate to the award you are nominating for.</td>
</tr>
<tr>
<td><em>(Attach separate sheet of paper.</em>)</td>
</tr>
<tr>
<td>For the Arthur J. Dixon Public Service Award only, highlight the nominee’s contribution to the community.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm</td>
</tr>
<tr>
<td>Title</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>Telephone Number of Years</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Firm</td>
</tr>
<tr>
<td>Title</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>Telephone Number of Years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Major, Degree, Year:</td>
</tr>
<tr>
<td>1)</td>
</tr>
<tr>
<td>2)</td>
</tr>
<tr>
<td>3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nominator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>Office Phone</td>
</tr>
<tr>
<td>Signature</td>
</tr>
</tbody>
</table>
Diversity and Inclusion Conference focuses on breaking down barriers

By CHRIS GAETANO
Trustee Professional Staff

O n Oct. 23, the NYSSCPA hosted a half-day Diversity and Inclusion Conference at its offices at 14 Wall Street. The focus was on the value that a diverse and inclusive workforce brings to any business, and the importance of breaking down barriers that stand in the way of achieving, such a workplace. Tanya K. Bramble, chair of the Society’s Diversity and Inclusion Committee, presented the opening remarks and introduced the keynote speaker, Natara Holloway, the NFL’s vice president of strategic planning and business development for football operations.

Holloway said that diversity has to be more than just a box to check for employers, as that sort of attitude will make them miss valuable bottom-line opportunities.

“There are practical ways it applies to a dollars-and-cents perspective,” she said. “To illustrate, Holloway pointed to sports jersey sales. She noted that, for years, the NFL has worked with the assumption that men were the only people interested in these and other types of merchandise, and so anything directed at women should follow what she called a “drink-it-and-pink-it” principle of business. Making small and cute copies of whatever men were wearing. Similarly, she said, when deciding on the location of sports jerseys in retail stores, anything not small and cute was generally placed only in the men’s section.

However, Holloway noted that women wanted more variety than was being offered to them, adding that her own analysis found that they tended to buy more clothing, both for themselves and the men in their lives. She laughed, saying that her father has a lot of Jacksonville Jaguars jerseys, but she’s the one who bought all of them. So she pressed the NFL to consider just who is buying this merchandise and adjust its marketing and product line considerations. For instance, she also pioneered the use of pop-up stores at games, specifically to appeal to female fans. Over time, these efforts translated into significant growth in women’s apparel sales, which she attributed to the unique perspective that she was able to bring to the table.

“I am diversity. I am a black female. I say it all the time not because I think people ought to know it, but because I am proud of it and I think it brings something to the table that someone else may not be able to bring, and I want to add value to that space,” she said.

Her success in this arena then led the NFL to place her at the head of further diversity and inclusion efforts. She challenged her audience to think in terms of immediate action.

“Diversity is a fact,” she said. “I’m a black woman who can sit at a table,” she said. Finally, she said, organizations must hold themselves accountable. Organizations cannot just set up a program, then never think about it ever again and assume they did their job. She said organizations have to ask themselves, “How am I doing?” because “if you set up programs and people don’t put them in a space they can be successful in, you’ll be in the same place as you were before.”

She challenged her audience to think in terms of immediate action.

Picking up the pace on diversity

One of the event’s panels—titled, “These Industry Leaders Have Picked Up the Pace—How Did They Do It?”—featured Wendy Garcia, chief diversity officer at the Office of the Comptroller of New York City; Patrick Yu, a Baker Tilly Virchow Krause LLP partner who chairs the Diversity and Inclusion Committee for the firm’s New York business unit; and Emily Kameros, associate director of EY’s Americas Inclusiveness Office. Bramble served as moderator.

Garcia said that great progress has been made in municipal policy over the years, particularly where it concerns government spending on women and minority-owned businesses. She explained that the proportion of spending on such businesses, “on anything from staples to cupcakes to accountants,” has risen from $309 million to $731 million in just two years.

A big part of this achievement, she said, has come from her own office taking an active role, despite this leading to what she conceded were sometimes “uncomfortable” conversations. Her office regularly grades the city’s 32 different agencies on the diversity and inclusion spending they give toward women- and minority-owned businesses, and gives them each a small number of recommendations on how they can move forward.

“This is not an easy job, as you can imagine, and it is so easy of what we’re doing is making metrics, accountability and transparency to make sure [there is] no principle discrimination in government. What that means is we’re grading New York City agencies on how they’re spending with women and minorities,” she said.

Right now, she continued, the program is dependent on how much a particular mayor does or does not support it, but added that a revised city charter will soon be up for a vote. Her office pressed for the women- and minority-owned business program to be a part of the mayor’s agenda, and she said that it has worked with the assumption that it was intended in their efforts. That is, they cannot assume that the principles of diversity and inclusion would endure regardless of administration.

She added that the same ethic applies to her own department as well. Since the comptroller’s office manages more than $20 billion in pension assets, she said that the office has recently pushed for corporate boards to adopt something similar to the NFL’s “Rooney Rule” for those the city invests in. The comptroller’s office said the rule would require, at a minimum, that the initial list of candidates for board seats and CEO positions include “qualified female and racially/ethnically diverse candidates,” and that director searches include candidates from nontraditional environments such as government, academics or nonprofit organizations.

Yu said that metrics and data have formed a significant part of his own efforts as well. While Baker Tilly has long collected data related to diversity and inclusion, he said that it has never really been public, which can undermine the message.

“So top management looks at the data, but doesn’t always feel ready to share it because data has consequences, data creates questions, and to play it safe, you keep it under your vest and your make your decisions without people knowing why,” he said.

Freeing at least some of the data, he said, is part of the 12-point plan developed by a recent initiative he spearheaded—Diversity, Inclusion and Belonging (DIB). He noted, however, that this idea has received significant pushback from top leadership, especially in Human Resources.

“I kept saying, ‘Could I share the data?’ and HR would always say something like, ‘that it’s too risky,’” he said. While Yu was sympathetic to concerns that HR would always say that it’s too risky, he said, “we need to get to the next step.”

He said negotiations have led to the firm making available at least some of the data. It’s available only on the firm’s internal web, and its only focus is on total employment. He is working to get a wider variety of data shared, such as retention, in order to see how it stacks up against recruiting statistics.

Kameros noted that EY has a wide variety of professional networks that advance its diversity and inclusion efforts, but she wanted to highlight one in particular, the Career and Family Transition Program. Acknowledging that starting a new family can carry major career consequences, particularly for women, the program was set up as a pilot six years ago and has grown more popular every year.

Open to both prospective mothers and prospective fathers, whether by birth or adoption, the program offers one-on-one career counseling from experienced executive coaches on how to navigate major family changes. In recent years, she said, the program has further opened to allow partners or co-parents to attend these sessions as well; these sessions are focused on dual-career couples, which “is a common theme we were hearing.”

“I wish I could go back and do some of that myself,” she said.

Beyond specific programs, Kameros talked about the overall frameworks that EY uses to think about strategic planning and business development. She said, “I’m PTR or Preference, Trade or Requirement.” It’s a reflective framework meant to get people asking themselves why they’re doing the things they’re doing, as people often just think in autopilot processes without reflecting on them.

“So, for example, if we’re thinking about how an engagement has always been run (it could be a business process, a people process, doesn’t matter), [we should ask ourselves] are we doing something because it is a preference, because we’ve always done it that way or because it truly is a requirement?” she said.

She, too, acknowledged that her work can involve challenging conversations with colleagues. What she said she tried to impress upon them is that “it’s about making the pie bigger, not making their piece of the pie smaller.”

Another one of the panels—titled, “Thinking About Picking Up the Pace on Diversity and Inclusion: Your Competition Is…”—offered attendees advice on how to influence their firms to provide a workplace that fosters equality. The speakers were Surabhi Lal, head of program development and learning at Luminary; Eric Liu, senior partner at Wipro Technologies; and Wendy B. Stevens, a partner at Mazars USA.

A panel—titled, “Who Deserves a Seat at the Table? You Do!”—focused on trailblazers in the diversity and inclusion movement. Moderated by Rumbi Bwerinofa-Petrozzello, immediate past chair of the NYSSCPA’s Diversity and Inclusion Committee, the panel consisted of Michael Selzler, a distinguished lecturer at Baruch College (CUNY), as well as a consultant and CEO of CTR Factor, Inc.; Grant Thornton LLP; and Jennifer A. Hoffman, a partner at Grant Thornton LLP.

A final session titled, “Managing Unconscious Bias,” featured Suri Surinder, co-founder and CEO of CTR Factor, Inc., who talked about how to deal with unconscious bias, our common knots, our common activities, pools and videos to enable participants to understand, identify and manage their unconscious biases.

The event concluded with a networking reception.
STEVEN H. HABER, Wayne, N.J., entered into a settlement agreement under the Joint Ethics Enforcement Program, effective July 15, 2019, as a result of an investigation of alleged violations of Rule 201–General Standards, A. Professional Competence; Rule 201-General Standards, B. Due Professional Care; Rule 202–Compliance with Standards; Rule 203–Accounting Principles; and Rule 501, Interpretation 501–Failure to Follow Requirements of Governmental Bodies, Commissions, or Other Regulatory Agencies, by the NYSSCPA Code of Professional Conduct. Without admitting or denying the alleged violations, Haber agreed to forgo any further investigation of the matter by the ECA, and to submit to a hearing and to his admonishment by the NYSSCPA.

In accordance with the directives as outlined in the settlement agreement, Haber agreed to provide an attestation immediately, then every six months for a period of three years, that he is no longer performing audits, reviews and compilations. If he returns to performing such work, he agrees to complete 21 hours of specified CPE by engaging an outside party to perform a preissuance review of the reports, financial statements and working papers on two audits performed by him during the one-year period following the date a reviewer has been approved by the ECA. No later than 30 days after the date he accepts an audit engagement, Haber must submit a list of the audits on which he expects to issue reports in the upcoming 12 months from which the audits subject to peer reviews will be selected. He agrees to inform the ECA of any changes in the composition of his practice, and if he has not performed any audits during the period he is subject to the preissuance reviews, he will be required to attest every six months for three years as to the nature of his practice. If, during the three-year attestation period, he returns to performing such engagements, he will be required to enroll in the AICPA Peer Review program.

Within 30 days of accepting an employee benefit plan audit, he must provide evidence that his firm has submitted an application to join the AICPA’s Employee Benefit Plan Audit Quality Center. Within 14 days of returning to performing such work, he will be required to enroll in the AICPA Peer Review program.

Haber will be prohibited from serving on any ethics or peer review committees of the NYSSCPA; performing peer reviews; or teaching CPE courses in the areas of accounting, auditing and employee benefit plans, until all directives in the settlement agreement have been met. Compliance with the terms of the settlement agreement will be monitored, and if noncompliance is found, an investigation will be initiated.

MICHAIL S. GUARNIERI, White Plains, N.Y., entered into a settlement agreement under the Joint Ethics Enforcement Program, effective Sept. 11, 2019, as a result of an investigation of alleged violations of the NYSSCPA Code of Professional Conduct. Information came to the attention of the Ethics Charging Authority (ECA) regarding a potential disciplinary matter, with respect to Guarnieri’s performance of professional services on the audit of the financial statements of an employee benefit plan as of and for the year ended Dec. 31, 2015. Based on a review of the information provided, including relevant documents submitted by Guarnieri to support his responses, there appeared to be prima facie evidence of violations of 1.310.001, Compliance with Standards Rule, and 1.320.001, Accounting Principles Rule. Without admitting or denying the alleged violations, Guarnieri agreed to forgo any further investigation of the matter by the ECA, waived his rights to a hearing, and agreed to his suspension from membership in the NYSSCPA for a period of two years.

In accordance with the directives, as outlined in the settlement agreement, Guarnieri agrees to complete 51.5 hours of specified CPE within 18 months of the effective date of the agreement. He agrees to hire an outside party to perform a preissuance review of the reports, financial statements and working papers on all audits, including employee benefit plan audits, performed by him for one year from the date a reviewer has been approved or until completion of the CPE, if later. He agrees to inform the ECA of any changes in the composition of his practice, and if he has not performed any audits, including employee benefit plan audits, during the specified period, he may be required to attest every six months for three years as to the nature of his practice. If he returns to performing such engagements during the three-year attestation period, he must inform the ECA of the change and undergo the required preissuance reviews.

Six months after completion of the preissuance reviews, he must submit a list of the highest level of engagements (audits, reviews and compilations with note disclosures) that he performed in the six-month period following the date he completed the preissuance reviews. One engagement will be selected for review. If he has not performed any audits, reviews or compilations with note disclosures, he must inform the ECA of the change. The ECA may require that he attest every six months for three years as to the nature of his practice, and if he returns to performing such work during the period of attestation, the ECA will select a suitable work product for review.

Guarnieri will be prohibited from serving on any ethics or peer review committees of the NYSSCPA; performing peer reviews; or teaching CPE courses in the areas of accounting, auditing and employee benefit plans, until all directives in the settlement agreement have been met. Compliance with the terms of the settlement agreement will be monitored, and if noncompliance is found, an investigation will be initiated.
Welcome, new NYSSCPA members!

The following list includes the NYSSCPA’s new members from October 2018 to September 2019, and the chapters to which they belong.

ADIRONDACK
David Delrio
Jason Finlaw
Carolyn Grigg
Chhaya Pandey
Chelsey Trombley
Danny Wheeler

BUFFALO
William Acevedo
Thomas Allers
Jack Blazy
Ronald Bruce
Stephen Cardarelli
Daniel Cassidy
Ryan Caster
Hayden Coll
Isabella Comiti
William Craven
Rebecca Drews
Jeffrey Ellis
Adam Ferrante
Michael Gasiewicz
Kyle Gawronski
John George
Milad Ghanatios
Joseph Gottemerree
Joanne Hand
Amanda Heiser
Brenonna Henningham
Kristen Herle
Yingjingdong Hu
Cheryl Jankowski
Brian Janson
Kyle Januszewicz
Larry Johnson
Christopher Kiciinski
Maggie King
Jaco Kober
Christine Koniarczyk
Alyssa Kuehneling
Michael Lyons
Christopher Maggiore
Marc Mallare
Jennifer Maloney
Joel Marsh
Zachary McDade
Hazel McCoy
Coren Mitchell
Tyler Popielka
Amanda Popovich
Jessica Quinn
Jenna Raetz
Kristin Re
Richard Reid
Krista Ricci
Kerry Roets
Ronald Ruffino
Nicole Schalk
Kathryn Schaus
Benjamin Schuver
Natalie Sitman
Kate Small
Matthew Smith
Christopher Stacey
Kevin Stackman

MANHATTAN/BRONX
Jeffrey Abbott
Khalil Abdoul
Hania Abrus
Ahmed AbuMualir
Gabriel Adetoro
Aizaza Alatleva
Izumi Akiba
Bibi Arielle Ali
Veronica Alvarez
Frances Anderson
Marilyn Ano
Konstantinos Aprilakis
Christopher Aris
Michelle Arzac
Yaw Asante-Assamoah
Mary Conway Asham
Evan Augello
Emmanuel Auguste
Justin Augustine
Anastasios Avramidis
Chris Arznerjed
Rahmatullah Azita
Stephany Baz
Alexandra Bailey
Ishmael Bajaha
Zulfia Baltakova
Emily Barbe
Michael Barden
Randy Barlow
Caryl Baron
Kyle Barry
Pawel Basisty
Jason Basi
Raj Bavihsi
Maya Bazan
Ibheal Bebia
Jarred Beckerman
Steve Bedwell
Feliz Begelfor
Lindsey Beharry
Elizabeth Bellavia
Leopoldo Benavides
Ehtasham Bhatti
Lawrence Bianco
Victoria Bianco
Aaron Bivas
Papa Blankson
Steven Blokkis
Samuel Bond
Laura Bosso
Jason Bovell
Allison Brightly
Andrew Bristow
Cintia Brown-Felder
Anna Brusco
Dana Buchaca
Liam Burke
Brian Burte
Kerry Bugscalia
Ryan Cabahug

David Camhi
David Urban
Shauna VanRemmen
Katherine Ziolo

Toral Gathani
Nadja Ginzburg
Evelina Goldberg
Steven Goldgrab
Sean Goldin
Jordan Goldman
Nooshin Golshan
Gary Goodman
Ava Graves
Daniel Greenbaum
Cheryl Greenberg
Ilka Gregory
Murray Greene
Kelli Grier
Brendan Griffin
Daisha Griffin
Daniela Granpa
Jacqueline Guifoye
Mukul Gupta
Jocelyn Gutierrez
Philip Haas
Emily Hache
Richard Hack
Mark Hammerschmidt
Rory Hanning
Qiachu Hao
Max Haraldsen
Elizabeth Hart
Shahedi Hasan
Kris Hawkins
Eric Hernandez
Genesis Herrera
Patience Hertz
Levi Herzog
Tee Kie Peter Ho
Kokou Hodor
Stephen Hohne
Jeffrey Homing
Kenny Hoshino
Roya Hess
Han Huang
Mohamed Hussein
Christopher Ide
Vencislav Ivanov
Agita Jaber
Stephanie Jaffe
Sean Jaggernauth
Bharat Jain
Cindy Jean
Yi Jin
Brittany Jones
Carol Jung
Virginia Jureisz
Stephanie Kabore
Takouhi Kafedjian
Sarah Kamman
Samuel Kang
Prakash Kasat
Perry Katz
Mohamed Keita
Robert Keller
Nancy Kelly
Saniya Khan
Gregory Khost
Harry Kim
Tae Kim

Jacob Kinsella
Koza Kobayashi
Bryan Kohler
Alexandra Kolitsa
Christopher Kotan
Denys Kotsky
Ashley Kurtten
Nikolay Kushner
Marc Labkus
Zarin Labba
Ming Lam
Reidfer Law
Wing Yan Law
Duke Lee
Man Fung Lee
Simon Lee
Brii Li
Chen Li
Youjia Liang
Zhengyu Liang
Juanchang Ling
Xiaoyu Ling
Paolo DiRossi
Chenghan Liu
Jiang Li
Priscilla Liu
Yanni Liu
Louis Loktech
Marla Lopez
David Lucarello
King Man Luk
Lisa Laurie
Madeleine Machuca
Surkay Mai
Amanda Maniaci
Mary Sun Marcellino
Nicholas Maris
Mark Markiz
Eric Martinez
Anthony Maizza
Conall McGonagle
Mara McReen
Jonathan McDonald
Vanessa McGovern
Susan McGrath
Daniel McGuigan
Douglas McKay
Andrew Mare
Tracy McKenzie
Emily Medeiros
Xueling Mei
Jeffrey Mercado
Harrison Mercer
Christopher Meskouris
Justin Meyers
Estelle Miller
Andrea Mills
Robert Milrod
Meir Miskin
Victoria Montero
Fatima Morchid
Steven Morrison
Antony Mott
Jimson Mullakary
Awa Ndiaye-Ulett
John Nelson

John Nguyen
Asmir Nikosevic
Tasnuva Noor
Daniel O’Brien
Aubain Olele
Elaine Onischuk
Charles Oparah
Jade Ortiz
Wandar Ortiz
Lauren Owens
Andrew Ozziel
Sahna Pazdes
Anthony Parillo
Endri Pasholli
Bhaveshkumar Patel
Shanuelle Patterson
Daniel Pena
Vidal Pielos
Thomas Phillips
Sara Pierce
Ewelina Pietras
Sergei Filigov
James Plumeri
Lisa Porter
Scott Powers
Ekaterina Prokhorovskaya
Peter Puglisi
Nadzea Puntus
Yu Qiu
Fengting Qiu
Michael Quevedo
Md. Asif Rahman
Ravishkhar Ramshikun
Brian Regel
Ephraim Reinhard
Christophe Rella
Marlin Reyes
Kathryn Rice
Daniel Ritkin
Nicholas Rivera
Joshua Roberts
Diogenes Robles
Carla Rodriguez
Emely Rodriguez
Michele Rodriguez
Michael Roman
Edgar Romero
Richard Rosemarin
Will Rosen
David Rosensweig
Ahmed Routher
John Rovegno
Juan Rubio
Jeanette Russell-Shepherd
Amanda Ryles
Noel Sabo
Shaw Saeed
Kellee Sah
Hasib Sana
Maulik Sardhara
Christopher Sardo
Daniel Sauter
Brian Scaduto
Melody Scales
Ira Schall
Edward Schick

Continued on page 19
New members

Continued from page 18

Shuo Wang
Chenjia Wang
Michael Walstatter
Adam Wachler
Nikola Vulicevic
Alexander Viafore
Vera Vazquez
Rafael Vasquez
Bernardo Vanterpool
Skylar Van Dyke
Bernardo vanterpool
Cynthia Vasquez
Rafael Vasquez
Vera Vasquez
Alexander Vafiare
Carla Vajia
Anthony Vinci
Nikola Vulicevic
Adam Wachler
David Walsh
Michael Walsatter
Amy Wang
Chenjia Wang
Shao Wang
Tianxiao Wang
Xuan Wang
Zhaoele Wang
Zipei Wang
Felicity Water
Erik Weil
Martin Weinberg
Kelly Weisbrod
Ying Wen
Christel Whetstone
Charles Wittenhart
Tracey Winning
Brian Wozinsky
Mimi Wu
Fan Xiang
Chanyuan Xiao
Jing Xie
Hui Xuan
Chun Him Yam
Runyu Yang
Yiran Ye
Allen Yee
Okasa Yanmchuk
Rika Yokoji
Anyu Yu
Jonathan Yuen
Jesse Zeffren
Dena Zeitoun
John Zetterstrom
Catharine Zhang
Fiona Zhang
Julia Zhou
Lily Zhou
George Zimmerman
Christopher Zrowka
Justin Zucker
So Zuoz
Shamsa Zovoa

MID HUDSON

Christopher Acad
Alexander Alvarez
Caleb Barton
Ryan Bayer
Marlyn Beck
Karija Brown
William Carey
Andres Carrillo
Jose Colutucruce
Matthew Connolly
Jeanne Cook
Daniel DeKoskie
Shari Dietrich
Angela Douglass
Mary Fabiano
Kendra Garzine
Erin Gilson
Rigo Griggs
Ian Holm
Brian Imbemba
Haiqzi Inayat
Gabrielle Kaplan
Mohammad Khan
Robert Lawless
Denise Leace
Phillip Lekanides
Andrew Mamone
Francis Morel
Lisa Mulshine
Christine Munson
Matthew Osendo
Carmen Ordonez
Michael Osei
Christie Oriustric
Milagros Pimentel
Nicholas Pocopio
Emily Quinn
Emily Riferburgh
Ariana Santos
Nancy Sears
Hweida Sero
Portia Simmons
Daniel Smolan
Michael Vizzio
Carolyne Zazzarin

NASSAU

Liliana Aboroch
Jesse Alvarado
Gabrielle Aragon
William Artao
Casey Baron
Sarah Barth
Jaye Barber
Dane Belfoire
Camelia Bissassar
Jeremy Boritz
Joseph Burkhardt
Timothy Burns
Michael Byrnes
Diane Campanelli
Ashley Canizales
Lisa Caputo
Mike Castagnaro
Peeche Castillo
Christopher Chen
Lu Cheng
Nimmy Cherian
Zachary Cohen
Michael Davidson
Adis Deljanin
Charles DeRiso
Ashley DeSiena
Daril Destin
Reaginal Diesdane
Tina Dionne
Leonard Disalvo
Molly Duffy
Judd Eisenberg
John Faddellone
Gianni Fazio
Meaghan Feleppa
Mary Gannett
Suzanne Getz
Kaysian Gordon
Ernesto Golotta
Alexa Gutierrez
David Hausmann
Eduardo Hernandez
Krystal Hernandez
Jackie Ho
Jonathan Jadevaia
Shanice Isidore
Karim Kandjian
Varun Kathait
Steven Kenney
Asma Khan
Muhammad Khan
Taufee Khan
Katherine Krafchuk
Katie Kramer
Kevin Lee
Kevin Lin
Ping-Kang Liu
Alysa LoCascio
Karle Longhway
Matthew Longhlan
Ryan Lulde
Sean Maclumber
Sabrina Magrini
Daniel Markus
Monair McDonald
Matthew McGrever
Dayna McGinley
Sudee Meeks
Jane Merenini
Felice Merguer
Ted Michaels
Lucas Musella
Rodney Nassimi
Dylan O’Leary
Kerry O’Leary
Lucie Olivier
Carmen Pena
Dev Perakh
George Payapilli
Gary Polenta
Nabeel Qureshi
Naved Qureshi
Nabeel Qureshi
Gary Polenta

QUEENS/BROOKLYN

Jose Daniel Abueg
Esha Ahmed
Victory Akachi
Diana Annamantahodu
Santino Asaro
Jarkyn Ashrova
Emma Atic
Joshua Bergstein
Emina Atic
Yashua Broomfield
Elena Bucanat
Vincent Bruce
Saba Buniatof
Vincent Capritto
Christine Caires
Nieve Castro
Sharon Cavern
Kimberliann Chambers
Mary Chang
Rodmund Charles
Wilson Chau
Matthew Chavan
Feirong Chang
Hui-Chun Chen
Jason Chen
David Cheung
Chudie Chejina
Clifton Clarke
Al Dalton
Peng Fa
Janneth Gaona
Rehan Gonsalves
Vasilie Gremonjac
Jacky Guan
Batseheh Ishichikhe
Oszaba Iyoha
Chantel-Amelia Jesus
Andrea Michael
Igor Milshyn
Danixa Molina
Diego Mora Rojas
Cindy Moyer
Bashah Mokhamed
Grace Negron
Iram Nosheen
Carmen Nuesi Peralta
Stefan Olaya
Leidy Pagan
Kelsey Papanicolaou
Sara Parach
Tarnjot Parhar
Meehyn Park
Anamika Paul
Orlando Paulino
Jennie Penk
Gabriella Rafaellino
Sayeeda Rahman
Tahir Rizaz
Shekh Richards
Boruch Rochlitzer
John Roban
Rolando Rojas-Reyes
Laurie Sadie
Aderoga Salami
Jonathan Salaman
Oleakan Kunle Sanusi
Peter Scharf
Alex Schon
Ying Shao
Josh Shapin
Karen Sherman-Chang
Olha Shumely
Jeevanpreet Singh
Mandip Singh
Mamit Singh
Patvinder Singh

NORTHEAST

Zachary Arras
Alicia Barr
Javell Brown
Jaehong Cho
John Delvinia
Dylan Devino
Daniel Dohren
Tianya Epperson
Daniel Golden
Danielle Gorka
YuLyka Jala
Gabriel Leo
Samantha Mouk-Bryan
Peter O’Keefe
Timothy Parks
Christopher Pastizzi
Vincentz Tesha
Ida Tung
Casandra Tising
Kelly Valmore
Victoria Vetsch
Qian Wang

Frank Ko
Sabrina Kruzynski
David Lee
Hyejeon Lee
Joel Lee
Ijarja Lekaj
Brent Lessey
Theresa Leung
Felix Liew
Lin Lin
Wendy Lin
Gabriela Loja
Victor Loo Deng
Zoraya Lototski
Shu Bao Lu
Ana Lui
DiFeng Ma
Flor Macias
Kyle Makske
Rick Marcello
Samantha Marletta
Maria Matsa Garcia
Rosalia Mazzola
Gregory McGuinness
Martin McManus

Continued on page 20
Congrats to NYSSCPA members with major anniversaries!

The following list includes NYSSCPA members with significant round-number membership anniversaries this year.

**60 YEARS**
(SINCE 1959)

- **MANHATTAN/BRONX**
  - Howard Becker
  - Alan Berk
  - Stephen Brecher
  - Marvin Britman
  - Frederick Camerata
  - Michael Clerkin
  - John Cohlenztz
  - Eugene Destaebler
  - Steven Drogin
  - Raymond Fisher
  - Laurence Foster
  - Cono Fusco
  - Nicholas Jacangelo
  - Howard Jackson
  - Alvin Kabot
  - Edward Kaplan
  - Jerome Katz
  - H. Gerhard Kruse
  - Saul Landsberg
  - James Mazzeo
  - Dennis Neier
  - Harold Pomerantz
  - Barry Popick
  - Leonard Proscia
  - Paul Rich
  - Steven Rosen
  - Paul Sayegh
  - Fred Schnur
  - Jeffrey Stoler
  - Harold Wolf
  - Richard Zimmerman

- **QUEENS/BROOKLYN**
  - Murray Dropkin
  - Richard Iserman
  - Herbert Liebmann

- **NASSAU**
  - Howard Buss
  - Martin Kaye
  - Martin Moses
  - Jesse Weiss

- **STATEN ISLAND**
  - Norman Cohen

- **WESTCHESTER**
  - Gilbert Bergeman
  - Charles Block
  - David Curtis
  - William Gladstone

- **OUT-OF-STATE**
  - Alvin Becker
  - Irwin Berger
  - John Farrell
  - Donald Saxe
  - Jack Silver
  - Seymour Tabak
  - Lawrence Woods

**50 YEARS**
(SINCE 1969)

- **BUFFALO**
  - Norbert Bennett
  - Joseph Formisano
  - Anthony Martino
  - Stephen Singer
  - Kenneth Weinstein

- **BUFFALO (SINCE 1969)**
  - Lawrence Woods
  - Seymour Tabak
  - Jack Silver
  - Howard Buss
  - Martin Kaye
  - Martin Moses
  - Jesse Weiss

- **NASSAU**
  - Ronald Baron
  - Michael Berg
  - Richard Birnbaum
  - Robert Burke
  - Eugene Cella
  - Barry Cooper
  - Paul Ehrlich
  - Arnold Fink
  - Jack Fischer
  - Joseph Gladstone
  - Lawrence Glantz
  - Edward Goodman
  - Robert Halfon
  - Alan Harris
  - Jeffrey Herdan

- **QUEENS/BROOKLYN**
  - Murray Dropkin
  - Richard Iserman
  - Herbert Liebmann

- **NASSAU**
  - Ronald Baron
  - Michael Berg
  - Richard Birnbaum
  - Robert Burke
  - Eugene Cella
  - Barry Cooper
  - Paul Ehrlich
  - Arnold Fink
  - Jack Fischer
  - Joseph Gladstone
  - Lawrence Glantz
  - Edward Goodman
  - Robert Halfon
  - Alan Harris
  - Jeffrey Herdan

- **BUFFALO**
  - Norbert Bennett
  - Joseph Formisano
  - Anthony Martino
  - Stephen Singer
  - Kenneth Weinstein

- **BUFFALO (SINCE 1969)**
  - Lawrence Woods
  - Seymour Tabak
  - Jack Silver
  - Howard Buss
  - Martin Kaye
  - Martin Moses
  - Jesse Weiss

- **NASSAU**
  - Ronald Baron
  - Michael Berg
  - Richard Birnbaum
  - Robert Burke
  - Eugene Cella
  - Barry Cooper
  - Paul Ehrlich
  - Arnold Fink
  - Jack Fischer
  - Joseph Gladstone
  - Lawrence Glantz
  - Edward Goodman
  - Robert Halfon
  - Alan Harris
  - Jeffrey Herdan

**50 YEARS**
(SINCE 1969)

- **MANHATTAN/BRONX**
  - Howard Becker
  - Alan Berk
  - Stephen Brecher
  - Marvin Britman
  - Frederick Camerata
  - Michael Clerkin
  - John Cohlenztz
  - Eugene Destaebler
  - Steven Drogin
  - Raymond Fisher
  - Laurence Foster
  - Cono Fusco
  - Nicholas Jacangelo
  - Howard Jackson
  - Alvin Kabot
  - Edward Kaplan
  - Jerome Katz
  - H. Gerhard Kruse
  - Saul Landsberg
  - James Mazzeo
  - Dennis Neier
  - Harold Pomerantz
  - Barry Popick
  - Leonard Proscia
  - Paul Rich
  - Steven Rosen
  - Paul Sayegh
  - Fred Schnur
  - Jeffrey Stoler
  - Harold Wolf
  - Richard Zimmerman

- **QUEENS/BROOKLYN**
  - Murray Dropkin
  - Richard Iserman
  - Herbert Liebmann

- **NASSAU**
  - Ronald Baron
  - Michael Berg
  - Richard Birnbaum
  - Robert Burke
  - Eugene Cella
  - Barry Cooper
  - Paul Ehrlich
  - Arnold Fink
  - Jack Fischer
  - Joseph Gladstone
  - Lawrence Glantz
  - Edward Goodman
  - Robert Halfon
  - Alan Harris
  - Jeffrey Herdan

- **BUFFALO**
  - Norbert Bennett
  - Joseph Formisano
  - Anthony Martino
  - Stephen Singer
  - Kenneth Weinstein

- **BUFFALO (SINCE 1969)**
  - Lawrence Woods
  - Seymour Tabak
  - Jack Silver
  - Howard Buss
  - Martin Kaye
  - Martin Moses
  - Jesse Weiss

- **NASSAU**
  - Ronald Baron
  - Michael Berg
  - Richard Birnbaum
  - Robert Burke
  - Eugene Cella
  - Barry Cooper
  - Paul Ehrlich
  - Arnold Fink
  - Jack Fischer
  - Joseph Gladstone
  - Lawrence Glantz
  - Edward Goodman
  - Robert Halfon
  - Alan Harris
  - Jeffrey Herdan

- **BUFFALO**
  - Norbert Bennett
  - Joseph Formisano
  - Anthony Martino
  - Stephen Singer
  - Kenneth Weinstein

- **BUFFALO (SINCE 1969)**
  - Lawrence Woods
  - Seymour Tabak
  - Jack Silver
  - Howard Buss
  - Martin Kaye
  - Martin Moses
  - Jesse Weiss

- **NASSAU**
  - Ronald Baron
  - Michael Berg
  - Richard Birnbaum
  - Robert Burke
  - Eugene Cella
  - Barry Cooper
  - Paul Ehrlich
  - Arnold Fink
  - Jack Fischer
  - Joseph Gladstone
  - Lawrence Glantz
  - Edward Goodman
  - Robert Halfon
  - Alan Harris
  - Jeffrey Herdan

For a list of 40-year anniversaries, go to nysscpa.org/anniversaries19

---

**Members mingle at the Society’s Fall Rooftop Networking Event**

Society members’ spirits weren’t dampened by rain; a good number gathered on Oct. 16 at the Royalton Park Avenue for cocktails, hors d’oeuvres and good cheer.

---

**New members**

- Yoshiyuki Murakoa
- Cecil Nazareth
- Olalekan Olofinlade
- Oyebola Olugbemi
- Susan Cortega
- Risha Ostrov
- Matt Padre
- Ravindra Rajapurkar
- Andrea Ricci
- Rhonda Robinson
- Aazan Knapel
- Mayur Sangani
- Julian Sarinas
- Deborah Schaub
- Bhauvik Shah
- Jennifer Shenise
- Michael Simmons
- Kelita Sookhoo
- Pietro Tatdeo
- Anthony Tartaglia
- Eugene Wan
- Steven Wang
- Paul Wechter
- Leah Wells
- Scott Woodard
- Richard Wright
- Ren W. Wu
- Ruining Xiong
- Konstantinos Zicopoulos
By CHRIS GAETANO
Trusted Professional Staff

Nicholas G. Himonidis, president and CEO of forensics firm The NGH Group, Inc. and a speaker at the Foundation for Accounting Education’s Digital Assets Conference on Oct. 29, said that tracing cryptocurrency transactions through the blockchain to specific individuals or entities is no longer the near-impossibility it was before, but that doesn’t mean it’s easy. Himonidis spoke to his audience specifically about tracing Bitcoin, and noted that many of the techniques he planned to talk about were particular to that cryptocurrency. Since Bitcoin’s development, he said, other cryptocurrencies such as Monero, Dash and ZCash were developed to be even more difficult to track, and as it is now, there are no known ways to track transactions made with them. But since Bitcoin represents 80 percent of the total cryptocurrency market today, there is still plenty of work that can be done. He said that the blockchain that undergirds Bitcoin is “probably the most detailed financial ledger you can imagine,” as it has “every single detail of every single Bitcoin transaction that has ever occurred, ever.” But the problem with investigating these transactions, he said, is “it doesn’t have anyone’s name.” This means that the main challenge for an investigator is to attribute a transaction or series of transactions on the blockchain to a specific person or entity. While there are companies that have sophisticated software tools to do this, he said they cost a lot of money, and the vast majority of people won’t have access to them. (One of them, Reactor, is available only to law enforcement, regulators and cryptocurrency exchanges, for example.) This means that most investigations will be performed using manual processes backed up by computer programs.

A common way this is done is to take advantage of a quirk of Bitcoin. Input addresses, when someone is making a transaction, must release the entirety of their contents, even if what the holder wants to buy does not cost that much. So for example, Himonidis said, if he has five bitcoins linked to his address, and he wants to send another person four bitcoins, then he has to release all five, and “the remaining bitcoin either has to come back to the address I was sending it from, just as a function of how blockchain works, or it has to go to a designated change address.”

“Why that’s important is because the fact it’s occurring really means in every transaction, there are actually two transactions, and if there’s a separate address to which that change is coming back to, I know for sure that second address is related to the first address that sent the bitcoin in the first place,” he said.

Without a confirmed address, however, all this becomes impossible, because “you can’t extrapolate from nothing,” Himonidis said. But after getting even a single known confirmed link between an address and an entity, “then oftentimes the magic starts to happen.”

“OK, we got transactions all over the place,” he said. “We can aggregate what funds went in and out from addresses that appear very clearly to be controlled by the same individual or entity.”

Another major avenue for investigators is exchanges, which is where someone can exchange bitcoins for fiat currency—money declared by a government to be legal tender, such as U.S. dollars. Once the bitcoin exits its own system and enters the world of fiat currency, tracking can become much easier, because often, users know who their customers are. That’s because, in order to actually make the exchange, users have to have their accounts linked to something else, such as a bank, which exposes them. He noted that the IRS subpoenaed the exchange Coinbase and won, which means, “If you’re in a situation where you’re on the regulatory side, you can go to Coinbase and find out who those funds exited to, whose account that was connected with, and who got those funds.”

In both cases, however, there are limitations. When it comes to tracing data on the blockchain directly, he noted that all this information only concerns a single address in a single wallet. There’s no way to know whether someone has another wallet somewhere else, which could contain numerous other addresses. As long as those wallets never transact between each other, trying to link them to the same person or entity is “virtually impossible.”

When working through exchanges, meanwhile, everything hinges on whether the company cooperates. Coinbase bases the IRB because it is a U.S.-based company that was subpoenaed by a U.S. law enforcement agency. On the other hand, if someone decided to route cryptocurrency transactions into another exchange outside the country, Himonidis said, rather bluntly, “You are out of luck.”

So then, what happens when his firm does not have an initial address to work from? The investigation will need to move off the blockchain. Himonidis said that in such cases, professionals at his firm need to data mine. Provided that they have access to the device itself, investigators can find the address through understanding the parameters of Bitcoin addresses: they always begin with either a 1 or 3, they are always 14 characters long, and they are always formatted in base 58.

Himonidis also noted that there’s a world of other tools out there for financial forensics, which investigators “very, very often overlook” because “they’re always focused on blockchain analysis.” But, he said, “What about user data? Company data? Individual data?” Even without looking at the blockchain, he said, it’s possible to link someone to a transaction using other data they leave behind.

“If you have access to that data through copies of file servers or images of computers, whether by subpoena or legal discovery, ... other than doing blockchain analysis, it is the single biggest way to blow a financial investigation involving cryptocurrency wide open,” he said, adding that subpoenas and physical investigation of evidence are major assets, too.

While he acknowledged that cryptocurrency has gained mainstream attention and acceptance, he said that people must still be aware that illegal activity is still a major part of the sector.

“Make no mistake: There is still a huge prevalence of illegal or untoward activity, if you will, centered in the cryptocurrency space,” he said. “That is on a big spectrum, from drug cartels and international money-laundering and acceptance, he said that people must still be aware that illegal activity is still a major part of the sector.

“Make no mistake: There is still a huge prevalence of illegal or untoward activity, if you will, centered in the cryptocurrency space,” he said. “That is on a big spectrum, from drug cartels and international money-laundering and Form 10-Ks, but also every other bit of information they can glean about the company, the industry it operates in, and the general economy and economic trends,” he said.

However, Leon M. Metzger, an NYU adjunct finance professor and a member of the Society’s Investment Management Committee, said that many of these investment decisions, regardless of the data backing them, run into the confounding factor that there’s little agreement over what exactly counts as an ESG-compliant company. This means, according to Metzger, that many of these choices are being made on what are effectively subjective value judgments, often outsourced to so-called experts, who rely on their own value judgments.

Imagine, he said, a business that manufactures ethically sourced paper using environmentally sound techniques, but 100 percent of its customers are cigarette companies. Would a green-preaching non-smoker invest in the manufacturer? In Metzger’s eyes, it is impossible to objectively determine whether such a company is ESG compliant, as the answer depends on one’s individual viewpoint. While the market might coalesce around one answer or another, he noted that the market has not always been the best judge of what is and isn’t socially responsible, as it too depends on subjective value judgments.

While he likes the idea behind ESG reporting, these sorts of issues make him highly skeptical of the value of ESG investing and sustainability reporting in general.

“The idea sounds nice, it sounds great that we can invest in ESG-compliant companies, and I really like the theory behind the idea,” he said. “I just think implementing it is next to impossible. What you think is ESG compliant, I might not, and vice versa.”

As an investor, Kraten has also considered this issue, but was less troubled. He previously noted that, in stock investing, people disagree all the time about whether a firm is doing well, and often both sides have at least some point. With this in mind, he said that he was not as troubled about disagreements over what is and is not sustainable. More productive is to think of how ESG factors play into being a well-run business that people want to invest in. He noted that the Five Capitals model “is simply a model that describes how a well-run company should be organized.”

“You’re always thinking through these potential alternative scenarios of the future where outcomes will be good versus poor. These sustainability-related negative events should be treated in any valuation activity or any risk management activity the way you’d treat a cybersecurity concern or an economic tariff concern: They’re risks that face the company and need to be managed by the company,” he said.

Sustainability
Continued from page 4

“How much of that information is useful that they put in their reports? How much of it is factual?” he said.

He noted, for example, that a soda company could use large amounts of water, and its sustainability report might say that “the company could use large amounts of water, and its sustainability report might say that ‘the company is doing a “really great job” to protect the environment, “but you’ve got to dig deeper to find where they source that water’ and other raw materials and under which labor policies. “You have to kick the tires a bit to make sure the information the company gives you is truthful.”

He knows this from experience. He said that while he does consider the data in the sustainability report, he does not completely rely upon it. When evaluating a firm, he considers a host of other factors besides that, such as its compliance with industry standards, its performance relative to similar firms, what other firms disclose that it does not, media reports about the firm (particularly from trade journals), and third-party data compiled by outside evaluators.

In this respect, he said, it’s quite similar to the due diligence someone would do for any company, sustainability-minded or not.

“That’s no different than the task that falls before traditional financial analysts when looking at annual financial statements and Form 10-Ks, but also every other bit of information they can glean about the company, the industry it operates in, and the general economy and economic trends,” he said.

While he likes the idea behind ESG reporting, these sorts of issues make him highly skeptical of the value of ESG investing and sustainability reporting in general.

“The idea sounds nice, it sounds great that we can invest in ESG-compliant companies, and I really like the theory behind the idea,” he said. “I just think implementing it is next to impossible. What you think is ESG compliant, I might not, and vice versa.”

gagetano@nyssca.org
How is the ideal partner candidate of today different from the ideal partner candidate of 15 years ago?

JOHN FITZGERALD | Partner | Manhattan

When I started my career, it was common for professionals to operate as general practitioners. However, this is no longer the case, as professionals are becoming more specialized in their approach to the market and are more focused on industry-specific, market-facing initiatives than ever before. If you’re a hospitality specialist, for instance, you are interested in figuring out how to meet with executives within the hospitality industry. Whether you are attending hospitality-specific seminars or getting more involved in hospitality-focused associations, you are immersing yourself in that industry. Before, you’d maybe focus on hospitality one day and real estate on another. Currently, professionals are making greater efforts to become experts in a specialized field.

Practice development has also become a key part of advancing in a firm. I believe, today, that cross-selling has become a very large component of growth—people are not just accountants anymore, but are advisers to their clients and are marketing themselves as such, which is a big change in the industry. The concept of serving as a trusted adviser has come much more to the forefront, which means we can bring greater value to clients than we could by just doing tax returns or financial reports.

I’ll also say that there are different expectations of how we work with staff, too—the partner of today needs to be a little more flexible than the partner of 20 years ago. Today, a partner is also expected to be a coach who can develop talent and impart knowledge, not just bark orders from the corner office. Now, you’re really trying to bring people along and introduce them to clients and referral sources and work more collaboratively, both internally and externally.

MARK L. MEINBERG | Managing Partner | Syosset

The first thing that comes to mind is that the different types of partners have really expanded beyond traditional tax and audit. People can be advisory partners, IT partners, consulting partners, litigation support partners and much more. No matter the area, though, they move through the ranks and prove themselves by bringing in new clients and retaining the ones they already have. It’s how a partner is measured today. We can see this in how much more important cross-selling has become. It’s now one of the key parts of how anyone is eventually promoted up to the partner ranks.

There’s also more of a focus on work-life balance than there was before. In the old days, you worked practically 24/7. You just put your head down and ground out the work, and you’d go home when it was done, no matter the hour. Now, the mentality is there needs to be a balance, for the workday to end and the partner to go home to see their family.

Finally, there is more of an emphasis not just on client retention, but staff retention as well. Partners aren’t just the heads of the firm anymore, so we want those we promote to be mentors who can train and develop staff, and keep up morale in difficult times.

MARK A. WASSER | Managing Partner | Binghamton

In the past, the decision to promote someone to partner was based on how hard someone worked and how many hours they put in at their desk. The world doesn’t work that way anymore. In today’s fast-paced, ever-evolving world of public accounting, potential partners have to be so much more than a grinder. One has to not only possess the skills and knowledge of tax and accounting, but also be able to juggle multiple tasks throughout a day. Interpersonal skills are required so that new partners can relate to younger staff as well as clients, and new partners should demonstrate a willingness to try new technologies and processes. To stay ahead of the competition and recruit quality employees, partners must be open to new ideas and new ways of working.

Partners need to acknowledge the fact that the old ways no longer work, and they should embrace technologies that allow professionals to work from any location at any time, but to do so in accordance with their own schedules. New software, new technologies are rolled out constantly and must be evaluated by those at the partner level so that they can be integrated into engagements.

Finally, I think it is imperative that new partners clearly demonstrate a willingness to work in a team setting. The silos of old, where everyone was basically on his or her own, are long gone. Decisions are made for the good of the firm, not for the individual. It’s these qualities that make someone a prime candidate to become a partner in today’s world. And it will be those partners who have a firm grasp on most, if not all, of these qualities who best navigate a rapidly changing industry and lead their respective firms to future success.
At year’s end, a chance to network and unwind

By JOHN W. HERMUS
Suffolk Chapter President

The final deadline for 2018’s individual income tax returns has now passed. This has often been referred to as the accounting profession’s “slow time” (whether you believe that or not is up to you!), but as we close the door on the 2018 filing season, it is time to open a new one to plan for 2019’s year end. This also hopefully gives everyone the time to get reacquainted with your network, attend events, and unwind a bit.

The Suffolk and Nassau chapters recently jointly hosted the Banker/CPA networking event at the Black Forest Brew Haus on Oct. 24. There were close to 50 professionals in attendance. Thank you to our sponsors and our committee chair Danielle Napolitano for the hard work in organizing and running this event each year!

The chapter also continued its tradition of community service, as the NextGen committee recently joined forces with Habitat for Humanity to build a home in Central Islip.

We are also excited to kick off the chapter’s 25th annual Toys for Tots charity drive. Each year this great cause collects toys for less fortunate children in the community. Boxes were built on Oct. 29, and we wrapped them on Nov. 6. The boxes are ready for distribution to our many participating organizations across the Island. Thank you to all those who make this such a meaningful cause for so many!

We recently worked with local colleges for the chapter’s annual Student Night event on Nov. 5. This event provided the opportunity for students to network with several firms and also hear several great presentations about the Society, the CPA exam, and various soft-skill topics.

You can hear from statewide President Ita M. Rahilly, President-elect Edward L. Arcara and Executive Director Joanne S. Barry, when they visit our chapter for the annual Professional Issues Update event scheduled for Wednesday, Dec. 4, 8–10 a.m., at the Irish Coffee Pub, 131 Carleton Ave., in East Islip. This event is free and provides the chance to hear what the Society has been working on and advocating for on behalf of the membership at large.

Lastly, I encourage everyone to try to take some time to unwind if possible, reconnect with family and friends, and recharge before ramping up once again for the end of the year.
NORTHEAST

ACCOUNTING
5/27/20
FAE’S Nonprofit Workshop with Allen Fetterman
(Albany)
AC/2, AU/2, T/1
Hilton Albany
Foundation for Accounting Education
$279/$379
Early-Bird prices through May 6, 2020: $229/$329

AUDITING
5/27/20
FAE’S Nonprofit Workshop with Allen Fetterman
(Albany)
See course listing under Accounting.

TAXATION
5/27/20
FAE’S Nonprofit Workshop with Allen Fetterman
(Albany)
See course listing under Accounting.

ROCHESTER

ACCOUNTING
1/9/20
42nd Annual Nonprofit Conference
AC/2, AU/1, T/1, plus choice of AC/4, AU/4 or SK/4
Rochester Airport Marriott
Foundation for Accounting Education
$385/$485
Early-Bird prices through Dec.19: $335/$435

AUDITING
1/9/20
42nd Annual Nonprofit Conference
See course listing under Accounting.

SPECIALIZED KNOWLEDGE
1/9/20
42nd Annual Nonprofit Conference
See course listing under Accounting.

SUFFOLK

AUDITING
6/17/20
Advanced Audits of 401(k) Plans: Best Practices and Current Developments
AU/8
Melville Marriott Long Island
Surgent McCoy CPE, LLC
$279/$379
Early-Bird prices through May 27, 2020: $229/$329

TAXATION
12/9
The Best S Corporation, Limited Liability, and Partnership Update Course by Surgent
T/8
Four Points by Sheraton Melville
Surgent McCoy CPE, LLC
$279/$379

12/10
The Best Individual Income Tax Update Course by Surgent
T/8
Crowne Plaza White Plains Downtown
Surgent McCoy CPE, LLC
$279/$379

WESTCHESTER

AUDITING
12/9
Auditing Not-for-Profit Entities: Superior Skills for an Effective and Efficient Audit
AU/8
Crowne Plaza White Plains Downtown
Surgent McCoy CPE, LLC
$279/$379

12/10
U.S. GAAP Review for Business & Industry
AC/8
Crowne Plaza White Plains Downtown
Surgent McCoy CPE, LLC
$279/$379/$249/$349

12/11
FAE’S Auditing Update
AU/4
Crowne Plaza White Plains Downtown
Foundation for Accounting Education
$169/$269

12/13
FAE’S Compilation, Review, and Preparation of Financial Statements Update
AU/4
Crowne Plaza White Plains Downtown
Foundation for Accounting Education
$169/$269
‘TIS THE SEASON—
GIFT YOUR CAREER WITH CPE!

ADD THESE FAE CONFERENCES TO YOUR WISH LIST

REGISTER TODAY | Attend In-Person or via Webcast

December 10, 2019
Partnerships and LLCs Taxation Conference
Register: nysscpa.org/partnerships19
*Also includes 6 CLE Credits

December 11, 2019
New York and Tri-State Taxation Conference
Register: nysscpa.org/nystax19

December 17, 2019
Exempt Organizations Conference
Register: nysscpa.org/exemptorg19

January 9, 2020
42nd Annual Nonprofit Conference (Rochester)
Register: nysscpa.org/nonprofit20
Early Bird Expires 1/19/19

January 14, 2020
Taxation of Financial Instruments and Transactions Conference
Register: nysscpa.org/tfi20
Early Bird Expires 1/23/19

January 16, 2020
42nd Annual Nonprofit Conference (NYC)
Register: nysscpa.org/nonprofit20
Early Bird Expires 1/26/19

January 23, 2020
Personal Financial Planning Conference
Register: nysscpa.org/ptp20
Early Bird Expires 1/2/20

January 29, 2020
Women’s Leadership Forum
Register: nysscpa.org/wlf20
Early Bird Expires 1/8/20

January 30, 2020
International Taxation Conference
Register: nysscpa.org/international20
Early Bird Expires 1/9/20

May 6, 2020
Broker/Dealer Conference
Register: nysscpa.org/bd20
Early Bird Expires 4/15/20

May 18, 2020
Business Valuation Conference
Register: nysscpa.org/bv20
Early Bird Expires 4/27/20

May 21, 2020
Estate Planning Conference
Register: nysscpa.org/estate20
Early Bird Expires 4/30/20

June 4, 2020
Employee Benefits Conference
Register: nysscpa.org/eb20
Early Bird Expires 5/14/20

June 25, 2020
The 2nd Annual Qualified Opportunity Funds and Opportunity Zones Symposium
Register: nysscpa.org/oppfunds20
Early Bird Expires 6/4/20

September 24, 2020
Health Care Conference
Register: nysscpa.org/healthcare20
Early Bird Expires 9/3/20

November 11, 2020
Closely Held and Flow-Through Entities Conference
Register: nysscpa.org/closelyheld20
Early Bird Expires 10/21/20

TO REGISTER BY PHONE CALL 800-537-3635