

TEXAS STATE BOARD REPORT

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY, AUSTIN, TEXAS

Gov. Perry Names Barrera Presiding Officer, Appoints New Board Members

Gov. Rick Perry has named **A. Carlos Barrera**, CPA, Brownsville, TSBPA presiding officer and appointed five members to the board for terms to expire Jan. 31, 2017. The appointments include **J. Coalter Baker**, CPA, Austin; **John R. Broaddus**, CPA, El Paso; **Jonathan B. Cluck**, Fair Oaks Ranch; **Rocky L. Duckworth**, CPA, Houston; and **Catherine Rodewald**, Dallas. Cluck and Rodewald are public members.



Barrera

- Barrera is a partner at Long Chilton LLP. In addition to membership in professional organizations, he is a past board member of the Brownsville and South Texas ISDs. Barrera received a bachelor's degree from UT Austin and an MBA from UT San Antonio. He was appointed to the Board in 2007.

- Baker is a self-employed CPA and personal financial specialist. He is a former presiding officer of the TSBPA and member of the NASBA Nominating and Ethics committees. He has been active in the West Austin Youth Association and Leadership Austin. Baker is a UT Austin graduate.

- Broaddus is a shareholder of Schmid, Broaddus, Nugent and Gano PC. He is a past executive board member of the TSCPA and past president of the El Paso Chapter. He is also a board member of the El Paso Metro Area YMCA. Broaddus received a bachelor's degree from SMU and an MBA from UT.

- Cluck is an attorney and partner at the Nunley firm. He is a member of the State Bar of Texas and Texas Association of Bank Counsel and a board member of Hill Country Dispute Resolution Center. Cluck received a bachelor's from Baylor and a law degree from St. Mary's University School of Law.

- Duckworth is a retired partner at KPMG LLP. A graduate of Oklahoma State University (OSU), he is a member of the OSU School of Accounting Advisory Board and OSU's William S. Speers School of Business Hall of Fame.

- Rodewald is president of Prudential Asset Resources and managing director of Prudential Mortgage Capital Co. She was reappointed to the Board for a full term.



Baker



Broaddus



Cluck



Duckworth



Rodewald

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Service awards, L-R, were presented to retiring Board members at the May meeting, Greg Bailes, left, receives his plaque from Carlos Barrera; Jay Dunbar, right, receives his from Dr. James Flagg; Dottie Fowler receives hers from David King; and James Pollard, public member, right, receives his from John Steinberg.

CPE Sponsors Successfully Completing Review

(since May 2011 Board Report)

Sponsor #	Sponsor Name	Date of Next Review	Status
006167	Ackley Financial Group	08/01/2013 - 07/31/2014	A
004563	Association of Certified Fraud Examiners	06/01/2013 - 05/31/2014	A
009407	Austin Community College	06/01/2013 - 05/31/2014	E
009415	Aztec Systems, Inc.	07/01/2013 - 06/30/2014	A
009330	Bates Container	07/01/2013 - 06/30/2014	E
003592	Boucher Morgan & Young, PC	07/01/2013 - 06/30/2014	A
008724	Calpine Corporation	06/01/2013 - 05/31/2014	A
009007	Canales, Garza, & Baum, PLLC	09/01/2013 - 08/31/2014	A
009448	Capital CDC	11/01/2012 - 10/31/2013	A
009420	Central Texas Chapter of CFMA	08/01/2013 - 07/31/2014	A
004660	Coker, Wommack & Company, PC	07/01/2013 - 06/30/2014	A
006103	Coleman Horton & Company, LLP	06/01/2013 - 05/31/2014	A
008722	Construction Financial Management Assn	06/01/2013 - 05/31/2014	A
006388	Durbin and Company, LLP	02/01/2013 - 01/31/2014	A
009785	ECOM Atlantic, Inc.	11/01/2012 - 10/31/2013	A
004127	El Paso Electric Co	08/01/2012 - 07/31/2013	A
008941	Exterran, Inc.	06/01/2013 - 05/31/2014	A
007313	Filipino American Accountants of Texas	06/01/2013 - 05/31/2014	A
007698	Flieller, Kruger & Skelton, LLP	08/01/2013 - 07/31/2014	A
008745	Flowserve Corporation	07/01/2013 - 06/30/2014	A
004662	Govt Treasurer's Organization of Texas	07/01/2013 - 06/30/2014	E
005178	HCC Insurance Holdings, Inc.	06/01/2013 - 05/31/2014	A
008123	Hillwood Development Company, LLC	06/01/2013 - 05/31/2014	A
009406	Holtzman Partners, LLP	06/01/2013 - 05/31/2014	A
006318	Houston Business & Estate Planning Council	11/01/2012 - 10/31/2013	A
006908	InterDyn - BMI	07/01/2013 - 06/30/2014	A
008341	Lockton Dunning Benefits	07/01/2013 - 06/30/2014	A
009409	Lovvorn & Kieschnick, LLP	06/01/2013 - 05/31/2014	A
004457	Lyondell Basell Industries	06/01/2013 - 05/31/2014	A
000244	McKinnon Wootton & Associates, LLC	12/01/2012 - 11/30/2013	A
009504	National Instruments	07/01/2013 - 06/30/2014	A
007664	Nicholas & Montgomery, LLP	06/01/2013 - 05/31/2014	A
002258	North Lake College	07/01/2013 - 06/30/2014	A
008768	Pate and Appleby, LLP	09/01/2012 - 08/31/2013	A
006355	Powell, Ebert, & Smolik, PC	12/01/2012 - 11/30/2013	A
009818	Precision Drilling Oilfield Services Corporation	02/01/2013 - 01/31/2014	E
002987	Radio Shack Corp	07/01/2013 - 06/30/2014	A
009735	Ratliff & Associates, P.C.	07/01/2013 - 06/30/2014	A
000437	Rice University Executive Education	01/01/2013 - 12/31/2013	E
006120	Schuler & Schuler	07/01/2013 - 06/30/2014	A
009317	Solutions Training Group	05/01/2013 - 04/30/2014	A
009106	South Texas Chapter of the HFMA	03/01/2013 - 02/28/2014	A
009393	Stream Realty Partners, LP	05/01/2013 - 04/30/2014	A
008311	Tax Executives Institute - Austin Chapter	05/01/2013 - 04/30/2014	A
004184	Tax School, The	08/01/2012 - 07/31/2013	A
009752	TeachUComp, Inc.	09/01/2013 - 08/31/2014	A
008907	Texas Association for Healthcare Financial	04/01/2013 - 03/31/2014	A
002013	Texas State Agency Business Adm Assn.	02/01/2013 - 01/31/2014	A
009325	Texas State University - San Marcos	06/01/2013 - 05/31/2014	E
009497	The AES Corporation	06/01/2013 - 05/31/2014	A
009496	The Institute for Excellence in Corp Governance - UT Dallas	06/01/2013 - 05/31/2014	A
004045	Trailblazer Health Enterprises, LLC	06/01/2013 - 05/31/2014	A
003541	Trinity Industries, Inc.	07/01/2013 - 06/30/2014	A
009410	Turner, Stone & Company, LLP	06/01/2013 - 05/31/2014	A
004365	University of Houston - Clear Lake	03/01/2013 - 02/28/2014	A
004612	University of Texas at Austin - Office of Acctg	06/01/2013 - 05/31/2014	A
000710	University of Tulsa - CESE	04/01/2013 - 03/31/2014	A
008412	VirtualCFO, Inc.	01/01/2013 - 12/31/2013	A
001759	Walker & Associates	08/01/2013 - 07/31/2014	A
006575	Weingarten Realty Investors	08/01/2013 - 07/31/2014	A
007909	Westlake Group	07/01/2013 - 06/30/2014	A

Registration Status: A = Currently active E = Currently expired

To ensure that CPE taken will meet Board requirements, check the Board website at www.tsbpa.state.tx.us for qualified CPE providers before enrolling in a CPE course.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

333 Guadalupe
Tower 3, Suite 900
Austin, Texas 78701-3900

BOARD MEMBERS

A. CARLOS BARRERA, CPA
PRESIDING OFFICER

JAMES C. FLAGG, PhD, CPA
ASSISTANT PRESIDING OFFICER

DAVID L. KING, CPA
TREASURER

THOMAS G. PROTHRO, CPA
SECRETARY

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MARIBESS L. MILLER, CPA

STEVE D. PEÑA, CPA

JOHN W. STEINBERG, CFE

EXECUTIVE DIRECTOR

WILLIAM TREACY

EDITOR

BARBARA C. STOOKSBERRY

Accounting/Administration
(512) 305-7800
FAX (512) 305-7854
accounting@tsbpa.state.tx.us

CPE
(512) 305-7844
FAX (512) 305-7875
licensing@tsbpa.state.tx.us

Enforcement
(512) 305-7866
FAX (512) 305-7854
enforcement@tsbpa.state.tx.us

Executive Director
(512) 305-7800
FAX (512) 305-7854
executive@tsbpa.state.tx.us

Licensing/Peer Review
(512) 305-7853
FAX (512) 305-7875
licensing@tsbpa.state.tx.us

Publications
(512) 305-7804
FAX (512) 305-7875
publicinfo@tsbpa.state.tx.us

Qualifications
(512) 305-7851
FAX (512) 305-7875
exam@tsbpa.state.tx.us

CPAs Cautioned Against Making Improper Filings With the State

by Jerry Hill
TSBPA General Counsel

The Secretary of State's Office has advised this agency that it receives about 100 filings each month that do not comply with state law when the documents are signed by Certified Public Accountants. CPAs are executing and filing documents with the Secretary of State's Office that are required by law to be executed by the business entity's owners or officers and not the business entity's CPA.

Section 171.313 of the Tax Code requires that an application for reinstatement be filed with the Secretary of State in order to reinstate a business entity that has had its Registration or Certificate of Formation revoked or forfeited for failure to satisfy its franchise tax obligations. The Tax Code requires that an application for reinstatement be signed by a person who was an officer, director, shareholder, manager, member, or partner of the entity at the time of forfeiture.

In the case of a for-profit or professional corporation, a person is authorized to apply for reinstatement if the person was a shareholder, director, or officer of the corporation at the time of forfeiture. In the case of a limited liability company, a person is authorized to apply for reinstatement if the person was a member or manager of the company at the time of forfeiture. In the case of a limited partnership, a person is authorized to apply for reinstatement if the person was a partner of the partnership at the time of forfeiture.

Under the Business Organizations Code, a certificate of termination filed by a corporation must be signed by an authorized officer. A certificate of termination filed by a limited liability company must be signed by an authorized manager if the company has a manager. If the company does not have a manager and is managed by its members, an authorized managing member must sign the certificate of termination. A certificate of termination filed by a limited partnership must be signed by all general partners who are participating in winding up the business of the partnership.

Each person who executes a document for filing signs the instrument certifying that the signatory, under penalty of perjury, is authorized to execute the filing of the instrument. Of course, if the CPA has the authority granted under a specific Power of Attorney, that authorization may be sufficient to permit the execution of the filing on behalf of the client. The signature of a CPA signing as an attorney-in-fact should clearly indicate that the CPA is signing the document as the attorney-in-fact of a person who is authorized under law to sign the filing.

If you have questions concerning filings that you are making on behalf of your client, you may wish to contact the legal staff at the Office of Secretary of State at (512) 463-5586.

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Safety Code.

ACAN is administered by the TSCPA and funded in part by the Board.

Board Offers Option of Electronic Board Report

If you want to receive an electronic message with a link to the latest issue of this newsletter instead of a hard copy sent through the mail, reply to the next email that you receive from the Board with this subject line:

"I want to receive the Texas State Board Report electronically."

The Board will continue to print and mail the *Board Report* to CPAs who want a paper copy, but offers this option as a cost-saving measure. The *Board Report* is also posted at www.tsbpa.state.tx.us.



Swearing-in Ceremony June 18, 2011



*At the June 18 swearing-in ceremony in Austin,
1212 candidates were eligible to receive their certificates.
Of those, 656 were women and 556 were men.*

BOARD MEMBERS participating in the ceremony were, L-R, Dr. James Flagg, CPA; Maribess Miller, CPA; A. Carlos Barrera, CPA; Thomas Prothro, CPA; and Jon R. Kenney.



OUTSTANDING CANDIDATES, included, L-R, Isaiah Luke Massey, Philip Joseph Miller, Jr., Yanli Zhang, Michelle Elizabeth Heard, April LeAnn Carter, Elizabeth LaVon Anderson Green, Stacy Leigh Robertson, and Brian Joseph Mueller.



50-YEAR HONOREES who attended were, L-R, Stanley E. Winters, Joe Terry Rye, Orville W. Mills, Jr., Bonnie S. Hoffman, Larry J. Brown, and Wendell Dee Moore.

AUSTIN SOCIETY MEMBERS who assisted during the ceremony included, L-R, back, Kay Johnson, Chuck Zeugner, Frank Stover, and David Crumbaugh; and, seated, Kayo Kawamoto, Michele Heyman, Sheri DeSpain, Nancy Foss, and Sandy Park.



Multi-Stage Sponsor Review Process Promotes Higher Quality CPE for Texas CPAs

by Jim Hamilton, CPA
SRP Director

Since the Sponsor Review Program was established in 2005, the Board has worked toward fostering steady improvement to the Continuing Professional Education offered to Texas CPAs. The Board and the CPE sponsors are responsible for most of the work required to reach that goal, but there are a few responsibilities that fall to the licensees.

The first is to consult the Board's website, www.tsbpa.state.tx.us, to make sure the sponsor is currently registered and in good standing before signing up for CPE. You can do this by typing the sponsor's identification number, if you know it, or the first few letters of the sponsor's name into the sponsor database. If that doesn't get you the information you want, you can search the database by city. Taking the time to verify that a sponsor is currently registered with the Board ensures that your reported CPE will meet Board rules. (Registration with NASBA is not adequate to meet the Texas Board's requirements; sponsors must be registered with the Texas Board and subject to review in Texas.)

When you consider signing up for a particular course, you should note whether the sponsor's course materials include the learning objectives, the prerequisites (or if there are none, a statement that there are none), course content, and CPE credit hours that will be earned by taking the course. Remember also that Board Rule 523.118 allows each licensee to claim no more than 50% of the total CPE credit hours reported in any three-year reporting period to be from a non-technical area such as communication. All coursework should be designed to enhance your practice or professionalism.

Be certain to put your name on the class sign-up sheet when it is circulated before or during the class and to complete the evaluation form provided by the instructor at the end of the course. Sponsors are required to provide an evaluation form to each licensee, and the SRP reviewers consider participant comments when sponsors/courses come up for review. The evaluation form should address whether:

- (1) the stated objectives were met;
- (2) prerequisites were necessary or desirable;
- (3) facilities were satisfactory;
- (4) the instructor was effective;
- (5) advance preparation materials, if any, were satisfactory; and
- (6) the program content was timely and effective.

Finally, when you are handed your completion certificate, you should make sure it includes the date attended, title of the

course, name of the sponsor, and sponsor's Texas registration identification number. If the sponsor does not provide a Texas registration ID number, notify the Board's SRP Department (512-305-7832) that the sponsor did not provide a Texas ID number. Without this number, courses taken with this sponsor may not be credited toward your annual CPE requirement. (Board Rule 523.119 allows for some exceptions, but the form, "Claiming Credit From a Non-Registered Sponsor," must accompany your claim for credit hours and be approved by the Licensing Division.)

Every sponsor can expect to have one or more courses reviewed at least once every three years. Since the inception of the SRP program six years ago, the two-person SRP staff has overseen the review of over 625 sponsors, with approximately 430 having been reviewed more than once. All current sponsors have been reviewed at least once. This is how the review process works:

Each month, SRP Director **Jim Hamilton, CPA**, receives a list of sponsors whose registrations are coming up for renewal that month. From that list, the director chooses sponsors who haven't been reviewed within the past three years, as well as any newly registered sponsors. The director contacts the designated contact person for each sponsor who has been selected for review. He then chooses one or more course(s) for review (based upon the number of courses the sponsor actually held the prior year) and explains the process in detail to the designated contact person.

SRP staff then emails these three documents to the sponsor:

- (1) Summary page data, which asks for course title, date offered, and CPE credit hours given;
- (2) Sponsor submission forms/requirements – advanced/advertising materials, instructor bios, course materials for participants, instructor's materials, course evaluation forms completed by students, completed sign-in sheet; and
- (3) CPE reviewer checklist. The checklist tells the sponsor what the reviewer will be looking for in the submitted materials.

The sponsor is advised to complete the forms and return the required materials to the Board within 14 days. This information is reiterated in a follow-up letter.

Once the materials are received from the sponsor, the staff does a preliminary review for completeness and assigns the
continued on p. 11

ACTIONS TAKEN BY THE BOARD
May 19, 2011

A. AGREED CONSENT ORDERS

BEHAVIORAL ENFORCEMENT COMMITTEE

- 1. Investigation No.:** 09-05-06L
Respondents: Donald W. Davis and D. Davis & Co.
Hometown: Irving, Texas
Certificate No.: 009435
Firm License No.: T09875
Rule Violations: 501.74, 501.76, 501.80, 501.81, 501.90(11), 501.93
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an Agreed Consent Order with the Board whereby Respondents were reprimanded and ordered to pay \$3,000 in administrative penalties and \$999.78 in administrative costs within 30 days of the date the Board ratified the order.

Respondents were engaged to prepare the 2007 personal and business income tax returns and 2008 franchise tax return for a client and failed to complete or timely file the returns. In addition, the Respondents failed to return client records within a reasonable time after those records were requested by the client, and failed to respond to client inquiries within a reasonable time without good cause. Respondent Donald W. Davis practiced public accountancy with a delinquent, expired individual license from July 1, 2008, through the time he paid his license fees in January of 2009, and practiced public accountancy through an unregistered firm. Respondents failed to respond to Board communications dated May 20, 2009, and June 23, 2009, within 30 days of the dates of said communications.

- 2. Investigation Nos.:** 09-09-06L and 09-09-08L
Respondent: D. Scott Sisk
Hometown: Wylie, Texas
Certificate No.: 037599
Rule Violations: 501.74, 501.76, 501.90(11), 501.93
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an Agreed Consent Order with the Board whereby Respondent involuntarily surrendered his individual certificate in lieu of further disciplinary proceedings and was ordered to pay \$3,000 in administrative penalties and \$510.49 in administrative costs by cashier's check within 30 days of the date the Board ratified the order.

Respondent was engaged to prepare the 2008 income tax return for two separate clients and failed to complete or timely file their returns. In addition, the Respondent failed to return client records within a reasonable time after those records were requested by clients, and failed to respond to client inquiries within a reasonable time without good cause. Respondent failed to respond to Board communications dated

September 11, 2009, and October 5, 2009, within 30 days of the dates of said communications.

TECHNICAL STANDARDS REVIEW COMMITTEE

- 1. Investigation No.:** 97-05-07L
Respondent: Neil Melms
Hometown: Conroe, Texas
Certificate No.: 009843

Respondent entered into an Agreed Consent Order with the Board whereby audits and reviews performed by Respondent are subject to pre-issuance review. In addition, Respondent was ordered to complete 40 hours of continuing professional education in auditing standards and/or the standards for accounting and review services.

Respondent was placed on limited scope on March 12, 1998. That scope limitation prevented the Respondent from performing audits or reviews until a petition for removal of the scope limitation was granted. The Committee granted removal of the scope limitation with the condition that audits and reviews performed by Respondent would be subject to pre-issuance review.

- 2. Investigation No.:** 10-07-28L
Respondent: Leslie L. Jackson
Hometown: Bayfield, Colorado
Certificate No.: 053781
Rule Violations: 501.90(7), 501.93
Act Violations: 901.502(6), 901.502(9)

Respondent entered into an Agreed Consent Order with the Board whereby the Board accepted the Respondent's offer to surrender Respondent's Certificate for revocation in lieu of further disciplinary proceedings.

Respondent voluntarily agreed to be suspended from appearing or practicing before the Securities and Exchange Commission (SEC) as an accountant, with the right to apply for reinstatement after three years. The SEC alleged that Respondent, in her capacity as Assistant Controller for Dell Inc. ("Dell"), knew or was reckless in not knowing that Dell maintained excess reserves in corporate contingency accounts. The SEC complaint also alleged that, because Dell maintained such excess reserves, Respondent, directly or indirectly, either made a misstatement or omitted to state facts to Dell's independent auditors.

- 3. Investigation No.:** 10-09-03L
Respondent: Randell Imhoff
Hometown: Austin, Texas
Certificate No.: 041885
Rule Violation: 501.90(7)
Act Violations: 901.502(6), 901.502(9)

ENFORCEMENT ACTIONS

Respondent entered into an Agreed Consent Order with the Board whereby Respondent was reprimanded and suspended for a period of three (3) years. Respondent must also pay an administrative penalty of \$1,000 and \$296.81 in administrative costs to the Board within 90 days of the effective date of the ACO. If the Respondent successfully petitions the SEC to lift its suspension before the Board's suspension expires, the Respondent may petition the TSR Committee to have the Board's suspension discontinued. The Board reserves the right to impose conditions on discontinuing the suspension.

Respondent voluntarily agreed to be suspended from appearing or practicing before the Securities and Exchange Commission (SEC) as an accountant, with the right to apply for reinstatement after three years. Respondent also agreed to pay a penalty of \$25,000 and disgorge \$12,852 in ill-gotten gains and prejudgment interest of \$6,197. The SEC alleged that the Respondent, who at the time the matters at issue occurred, was the Assistant Controller for Dell Inc., aided and abetted the improper use of "cookie jar" reserves and other reserve manipulations to cover shortfalls in Dell's operating results in fiscal years 2002 to 2004. The SEC's complaint alleges that Respondent, acting under his supervisors' general direction, planned and issued instructions regarding Dell's build-up and use of "cookie jar" reserves. The complaint also alleges that Respondent failed to ensure that Dell increase its reserves, as required by GAAP, after learning that an accrual to cover the costs of closing a Dell facility in Texas was inadequate.

B. AGREED CEASE AND DESIST ORDERS

- 1. Investigation No.:** 11-02-56N
Respondent: Imran Maniar
Hometown: Houston, Texas
Act Violation: 901.451

Respondent entered into an Agreed Cease and Desist Order with the Board whereby Respondent will cease and desist from providing attest services and using reserved terms until or unless Respondent complies with the registration and licensing provisions of the Act, and until or unless Respondent has obtained a license to practice public accountancy.

Respondent used the "CPA" designation although Respondent does not hold a license in Texas.

- 2. Investigation No.:** 11-04-10N
Respondent: Leslie B. Forde
Hometown: Houston, Texas
Act Violations: 901.451, 901.456

Respondent entered into an Agreed Cease and Desist Order with the Board whereby Respondent will cease and desist from providing attest services and using reserved terms until or unless Respondent complies with the registration and licensing provisions of the Act, and until or unless Respondent has obtained a license to practice public accountancy.

Respondent performed an attest service and used the "CPA" designation although Respondent does not hold a license in Texas.

- 3. Investigation No.:** 11-04-13N
Respondent: Howard Hinkle
Hometown: Wichita Falls, Texas
Act Violation: 901.451

Respondent entered into an Agreed Cease and Desist Order with the Board whereby Respondent will cease and desist from providing attest services and using reserved terms until or unless Respondent complies with the registration and licensing provisions of the Act, and until or unless Respondent has obtained a license to practice public accountancy.

Respondent used the "CPA" designation although Respondent does not hold a license in Texas.

C. CEASE AND DESIST ORDERS

- 1. Investigation No.:** 10-06-15N
Respondent: Morris Berch
Hometown: St. Petersburg, Florida
Act Violations: 901.451, 901.453

Respondent performed attest services for a Texas-headquartered company. Respondent has never had a CPA license in Texas, and since 2003, Respondent has not had a current CPA license in any state. Respondent's work was considered attest work because, according to HUD, Respondent was required to attest to the accuracy of financial statements "in accordance with the AICPA Statements on Standards for Attestation Engagements." Additionally, HUD requires attestations to be completed only by licensed CPAs. HUD assurances are filed electronically, with CPAs assigned user IDs to log in and complete their filings. Respondent's user ID was used for the Texas-based attestation.

By performing attest services for a Texas-based company, Respondent practiced public accountancy in Texas (Public Accountancy Act, Sections 901.002 and 901.003). Respondent did not have the required certificate or license at the time that the attest services were performed; therefore, Respondent violated Sections 901.451 and 901.453 of the Act. Respondent repeatedly ignored the Board's attempts to gain his compliance with Texas law. Accordingly, it was necessary for the Board to issue an immediate cease and desist order against Respondent.

- 2. Investigation No.:** 09-05-34N
Respondents: Chenita Lawson & Smart Start Financial
Hometown: Keller, Texas
Act Violations: 901.451, 901.453

Board staff initiated an investigation of this matter based upon a complaint submitted by an individual who engaged Respondents to provide tax services. In emails, Respondent

represented herself as an accountant, although she is not licensed by the Board and Respondent company does not have the necessary firm license. Additionally, a website registered by Respondents contained numerous references to accounting services. Respondent Smart Start Financial, Inc., is a registered corporation in Illinois. An office in Keller, Texas, is associated with this firm as a proprietorship operating under the assumed name Smart Start Financial Group. In addition to the email representations by Respondents to the complainant, there is evidence that the services provided to the complainant came from the Texas office.

During the relevant times, Respondents held out to the public, using the term “accountant,” and held out to be an accounting firm without licenses issued by the Board. Respondents also offered services to the public that involve the use of accounting, attest or auditing skills, including tax services. These actions constitute a violation of Public Accountancy Act Sections 901.451 and 901.453.

Respondents repeatedly ignored the Board’s attempts to gain compliance with Texas law. Accordingly, it was necessary for the Board to immediately issue a cease and desist order against Respondents.

- 3. Investigation No.:** 09-03-72N
Respondent: Mike Hagen
Hometown: Winnsboro, Texas
Act Violations: 901.451, 901.453

Board staff initiated an investigation of this matter based upon a complaint. Complainant provided two advertisements by Respondent wherein he asserted an expertise in accounting by using the “CPA” designation. Respondent did not hold licenses issued by the Board during all relevant time periods.

During the relevant times, Respondent held out to the public using the term “CPA,” and he held out to be an accounting firm without licenses issued by the Board. Respondent offered services to the public that involve the use of accounting, attest or auditing skills, including tax services. These actions constitute a violation of Public Accountancy Act Sections 901.451 and 901.453.

Respondent repeatedly ignored the Board’s attempts to gain his compliance with Texas law. Accordingly, it was necessary for the Board to immediately issue a cease and desist order against Respondent.

D. FOREIGN ACCOUNTANCY FIRMS

AGREED CEASE AND DESIST ORDERS

- 1. Investigation No.:** 10-12-22N
Respondent: MacKay LLP
Hometown: Vancouver, BC, Canada
Act Violations: 901.351, 901.451, 901.462

Respondent entered into an Agreed Cease and Desist Order with the Board whereby Respondent agreed to cease and desist

from providing attest services in the state of Texas without a firm license.

Respondent signed the SEC 10-K filing Report of Independent Registered Public Accounting Firm for one or more companies that list their principal place of business as Texas. Respondent is not licensed in Texas. Under the Texas Public Accountancy Act, signing a Report of Independent Registered Public Accounting Firm for a publicly traded U.S. company’s 10-K filing is considered an attest service [see Act Sec. 901.002(a)(1)]. All firms providing attest services in Texas are required to be licensed in Texas and must consist of Certified Public Accountants [see Act Sec. 901.351, 901.451(b), and 901.462].

- 2. Investigation No.:** 11-03-04N
Respondent: BDO Patel & Al Saleh
Hometown: Deira, Dubai, UAE
Act Violations: 901.351, 901.451, 901.462

Respondent entered into an Agreed Cease and Desist Order with the Board whereby Respondent agreed to cease and desist from providing attest services in the state of Texas without a firm license.

Respondent signed the SEC 10-K filing Report of Independent Registered Public Accounting Firm for one or more companies that list their principal place of business as Texas. Respondent is not licensed in Texas. Under the Texas Public Accountancy Act, signing a Report of Independent Registered Public Accounting Firm for a publicly traded U.S. company’s 10-K filing is considered an attest service [see Act Sec. 901.002(a)(1)]. All firms providing attest services in Texas are required to be licensed in Texas and must consist of Certified Public Accountants [see Act Sec. 901.351, 901.451(b), and 901.462].

**HELP US IDENTIFY THE
 UNAUTHORIZED PRACTICE
 OF PUBLIC ACCOUNTANCY**

The *Public Accountancy Act* prohibits use of the terms “Accounting,” “Accountant,” “Certified Public Accountant,” and “CPA” by individuals/firms not licensed by the Board. If you suspect the *Act* has been violated, please contact the Board, giving as much information as possible:

Email: enforcement@tsbpa.state.tx.us
Mail: TSBPA
 Attention: UPPA
 333 Guadalupe, Twr 3, Ste 900
 Austin, Texas 78701
Phone: 512-305-7872

3. Investigation No.: 11-04-01N
Respondent: BDO Kazakhstanaudit
Hometown: Almaty, Kazakhstan
Act Violations: 901.351, 901.451, 901.462

Respondent entered into an Agreed Cease and Desist Order with the Board whereby Respondent agreed to cease and desist from providing attest services in the state of Texas without a firm license.

Respondent signed the SEC 10-K filing Report of Independent Registered Public Accounting Firm for one or more companies that list their principal place of business as Texas. Respondent is not licensed in Texas. Under the Texas Public Accountancy Act, signing a Report of Independent Registered Public Accounting Firm for a publicly traded U.S. company's 10-K filing is considered an attest service [see Act Sec. 901.002(a)(1)]. All firms providing attest services in Texas are required to be licensed in Texas and must consist of Certified Public Accountants [see Act Sec. 901.351, 901.451(b), and 901.462].

E. PROPOSALS FOR DECISION

1. Investigation No.: 09-05-13L
SOAH Docket No.: 457-10-5161
Respondents: Jeannette Carlson-Wahle and Jeannette A. Carlson-Wahle firm
Firm Hometown: Plano, Texas
Certificate No.: 083545
License No.: T09068
Rule Violations: 501.81, 501.82(a)(1), 501.83(b), 501.93
Act Violations: 901.455, 901.502(6), 901.502(11)

The State Office of Administrative Hearings Administrative Law Judge (ALJ) issued a Proposal for Decision (PFD) finding that Respondent violated Board Rules 501.81, 501.82(a)(1), 501.83(b), and 501.93, as well as Sections 901.455, 901.502(6), and 901.502(11) of the Act. The ALJ recommended in the PFD that Respondent be reprimanded and be required to complete four live CPE hours in the area of ethics. The ALJ also acknowledged that the Board can assess an administrative penalty of \$5,000, but suggested that a penalty of \$2,500 or less be imposed due to Respondent's voluntary

compliance. Finally, the ALJ recommended \$451.32 in administrative costs.

Respondent called her firm "Accounting and Tax Direct" and offered attest services without a firm license. Respondent used language that implied that there was more than one member of her firm, although she was the only member. Respondent failed to substantively and timely respond to Board communications.

2. Investigation No.: 10-01-01L
SOAH Docket No.: 457-10-5984
Respondent: Edward M. Edson
Hometown: Dallas, Texas
Certificate No.: 017825
Rule Violation: 501.90(9)
Act Violations: 901.502(6), 901.502(11)

The State Office of Administrative Hearings Administrative Law Judge (ALJ) issued a Proposal for Decision (PFD) finding that Respondent violated Board Rule 501.90(9), as well as Sections 901.502(6) and 901.502(11) of the Act. The ALJ recommended in the PFD that Respondent's certificate be revoked and Respondent be assessed an administrative penalty of \$25,000 and \$605.92 in administrative costs.

Respondent received a final order judgment against him for fraud for offering or selling unregistered securities.

Do you have a question for the Board's Enforcement Division?

Your question may be answered in our new Frequently Asked Questions Section under the Enforcement tab on the Board's website:

<http://www.tsbpa.state.tx.us>

There you will find some of the most common questions we receive about the Public Accountancy Act and the Board Rules.

Moving??

Be sure to let us know.



Board rules require licensees to inform the Board within 30 days of a change of address.

Use any of these methods:

- Online under "Online Services" at www.tsbpa.state.tx.us
- Email: licensing@tsbpa.state.tx.us
- Phone: 512-305-7853
- Mail: TSBPA, 333 Guadalupe, Twr 3, Ste 900, Austin, TX 78701

ENFORCEMENT ACTIONS

CPE ACTIONS

The certificate of each respondent listed below was not in compliance with the Board's CPE requirements as of the date of the Board meeting. Each respondent was suspended for the earlier of a period of three years, or until the respondent complies with the licensing requirements of the Act. Additionally, a \$100 penalty was imposed for each year the respondent continues to be in non-compliance with the Board's CPE requirements. The respondents were found to be in violation of Section 523.111 (mandatory CPE reporting) and 501.94 (mandatory CPE) of the Board's Rules, as well as Section 901.411 (CPE) of the Act.

Respondent / Location	Board Date	Respondent / Location	Board Date
Terri Kathleen Anderson, Frisco, TX	05/19/2011	James Stanley Mooney, Dallas, TX	05/19/2011
Frances Louise Boddie-Floris, Cypress, TX	05/19/2011	Cecilia Campo Navarre, Spring, TX	05/19/2011
Raihanul Islam Chowdhury, Plano, TX	05/19/2011	Rotimi Dolapo Phillips, Richmond, TX	05/19/2011
Raymond Keith Ehrig, Friendswood, TX	05/19/2011	Troy Anthony Pinkston, Austin, TX	05/19/2011
Martin Noel Fite, III, Houston, TX	05/19/2011	Lucy Ann Symasek Porter, Garland, TX	05/19/2011
John Edward Fulton, Carrollton, TX	05/19/2011	Ralph Ellisor Rice, Houston, TX	05/19/2011
Jocelyn F. Garrett, Fresno, TX	05/19/2011	Carl Anthony Rojas, Decatur, GA	05/19/2011
Cathleen Ann Harvill, Cypress, TX	05/19/2011	Brian Dean Shelton, McKinney, TX	05/19/2011
Maria-Eugenia Hinojosa, San Antonio, TX	05/19/2011	Blake Young Stock, Plano, TX	05/19/2011
Christina Lynn Davis James, Midland, TX	05/19/2011	Adriana Bujosa Swanson, Houston, TX	05/19/2011
Patricia Jo Johnson, Lewisville, TX	05/19/2011	Todd Sterling Witmer, Houston, TX	05/19/2011
Jimmy Alan McDonald, Spring, TX	05/19/2011	Michael Bradley Young, Houston, TX	05/19/2011

THREE-YEAR DELINQUENT ACTIONS

The respondents listed below violated Sections 901.502(4) and 901.502(11) of the Act when they failed to pay license fees for three consecutive license periods. The certificate of each respondent was revoked without prejudice as the respondent was not in compliance as of the Board meeting date. Each respondent may regain his or her certificate by paying all the required license fees and penalties and by otherwise coming into compliance with the Act.

Respondent / Location	Board Date	Respondent / Location	Board Date
Stephen Mitchell Bailey, Henryetta, OK	05/19/2011	Stephanie Shepard Land, Austin, TX	05/19/2011
Christopher M. Bennett, Atlanta, GA	05/19/2011	Thomas Robert Lobenstein, Gilbert, AZ	05/19/2011
Teresa Marie Brumbaugh, Apple Valley, MN	05/19/2011	Roland Thomas Luce, Jr., Houston, TX	05/19/2011
Herbert Lerner Davis, San Antonio, TX	05/19/2011	Jill Mary Malone, Highlands Ranch, CO	05/19/2011
George Daniel Dick, Galveston, TX	05/19/2011	Jefferson Dean Massey, Temple, TX	05/19/2011
Laura R. Drennon, Austin, TX	05/19/2011	Tracy William McGary, Round Rock, TX	05/19/2011
Kenneth Earl Elmer, Danville, CA	05/19/2011	Michael Don Osborne, Missouri City, TX	05/19/2011
Keneth Laverne Gallender, Houston, TX	05/19/2011	Manoharan Pattabhiraman, Basking Ridge, NJ	05/19/2011
Mario Goharjo, Irving, TX	05/19/2011	Jeffrey Michael Peterson, Dallas, TX	05/19/2011
Glen Lewis Graves, II, The Woodlands, TX	05/19/2011	Janet Catherine Martin Pfeffer, Southington, CT	05/19/2011
George Leroy Haynes, Jr., Houston, TX	05/19/2011	Alecia M. Saucier, Gibsonton, FL	05/19/2011
Don Gordon Hicks, Dallas, TX	05/19/2011	Sumir Shah, Frisco, TX	05/19/2011
Alecia Marie Jaruzel, Austin, TX	05/19/2011	Cynthia Carol Treadwell, Little Rock, AR	05/19/2011
Ronald Dale Keegan, Dallas, TX	05/19/2011	Carmen Fay Woodyard, Del Valle, TX	05/19/2011
Dee Ann Kelley, Colleyville, TX	05/19/2011	Georgann Malone Wright, Dallas, TX	05/19/2011
Kevin Ray Kyser, Frisco, TX	05/19/2011	Talka Deanne Yartz, Houston, TX	05/19/2011

AICPA Updates Trends Analysis With 2011 Survey

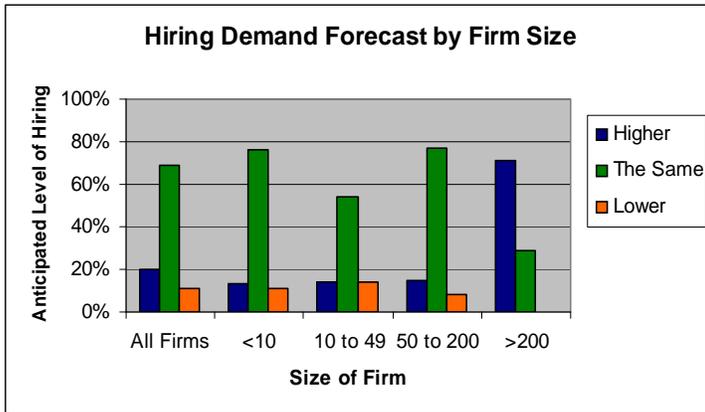
The AICPA's 2011 survey of trends in the supply and demand in the accounting field showed that nearly 90% of all respondent firms forecast they would hire as many or more new accounting graduates during 2011 as they did in 2010, which was good news for the 225,000 students enrolled in BA and MA degree programs. Public universities continue to supply roughly two-thirds of total accounting grads, but capacity constraints are causing many universities to turn away qualified students because they can't provide the courses or instructors the students need. Hiring of BAs and MAs increased from

partners in firms of all sizes are women, and, in the case of the largest firms, only 18% of partners are women.

Perhaps the most interesting finding in this year's survey was in the specific areas of assignment. There was an increase in "other" roles—outside of taxation, accounting/auditing and MIS—from 3% to 16%, with the increase likely in consulting services.

Does Ethics Education Work? Survey Results Say "Yes"!

The July/August 2011 issue of *Today's CPA* (pp. 32 – 35) reports results of a recent survey by Baylor University faculty members **Kathy Hurtt** and **C. William Thomas, CPA**, that asked the question, Is ethics education for CPAs in Texas working? The authors surveyed Texas CPAs licensed between 2005 and 2010 and received 2,696 completed questionnaires, for a 28.3% response rate. The majority of respondents answered positively to all questions, agreeing that the required college course improved their knowledge, skills, and abilities. Responses regarding the biennial update were slightly less enthusiastic, but still positive. Ethics education is believed to be at least partially responsible for a significant drop in enforcement actions in recent years. For a link to the complete article, go to the Board's website, www.tsbpa.state.tx.us.



25,488 to 33,321, indicating a significant rebound from the economic downturn of recent years.

There was a 6% increase in the Masters of Accountancy hires since the 2009 survey and corresponding 6% decrease in Masters of Taxation hires. There was also a significant increase in the hiring of MA graduates and decrease in the hiring of BA graduates.

Minority hiring has increased from 22% to 25% and hiring by gender, which has been predominately female in recent years, has reached parity. Women CPAs make up only 44% of the CPAs in firms and only 39% of CPAs in firms with more than 200 employees. Women still have a long way to go to catch up to men as partners, regardless of firm size. Only 21% of

Sponsor Review / continued from p. 5

review to a trained CPA reviewer who has a background in that same practice field, such as oil and gas or taxation. The reviewer examines the course for compliance with six criteria and for compliance with Board rules and returns the review, with comments, to the Board. The reviews are further examined by a team comprising the SRP director and two Master Reviewers (who are CPAs) for consistency of treatment on the six review criteria and to be certain each criterion is reviewed independently. Master Reviewers play an integral part by bringing fairness and consistency to the review process.

Once this process is completed, the sponsor is advised of the outcome and, if deficiencies were found, the sponsor is given 14 days to return a letter to the Board outlining what action the sponsor will take to correct the deficiency and to prevent this problem from reoccurring in the future. Finally, the Board sends a successful review completion letter.

The SRP program is working. Texas CPAs are seeing better quality CPE and a decrease in the number of enforcement actions despite the growing number of CPAs. This suggests that better continuing education is having a positive effect. With the continued vigilance of the Board and individual licensees, the program will continue to be a success.



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Austin, Texas 78701-3900

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Accountants Confidential Assistance Network



Assistance for CPAs, exam candidates, and accounting students with alcohol or drug dependency problems or mental health issues.

1-866-766-2226

VOLUNTEERS NEEDED

ACAN needs volunteers across the state. If you are a CPA in recovery and interested in volunteering, please call 1-866-766-2226.

LEGAL NOTICE: The identity and communications and fact of membership of anyone attending this group are confidential and protected under penalty of law under *Chapter 467* of the *Texas Health and Safety Code*.

Administered by the TSCPA and Funded in Part by the Board