



TEXAS STATE BOARD REPORT

Vol. 128 | August 2016

NEWS & UPDATES

Fostering the Future of Our Profession

CPA Pipeline

Concerns remain over national trends that indicate there is a disparity between the number of recent college graduates with accounting degrees and the number of new candidates sitting for the Uniform Certified Public Accountant (CPA) Exam. According to a June 2016 “Growing the CPA Pipeline” webinar from the American Institute of CPAs (AICPA), about 1 out of 3 accounting graduates make it all the way to licensure. Also, data from the Social Security Administration shows that roughly 10,000 baby boomers are retiring each day. These statistics are unsettling, considering the responsibility of our profession to provide an adequate amount of CPAs to protect and meet the needs of the public.

Texas Trends

The Texas State Board of Public Accountancy (TSBPA) examined its data to determine whether Texas statistics mirror these national trends. Instead of seeing a static or decreasing number of licensees, Texas actually experiences an average 1.768 percent increase in new licensees each year. Data was also analyzed

to see the correlation between the number of applicants who completed all sections of the exam and the number of individuals that become Texas CPAs. The TSBPA found only nominal differences between the number of applicants who completed all sections of the exam one year and the number of newly licensed CPAs the

following year (excluding licensure by reciprocity), after the opportunity for one year of work experience. In fact, in some subsequent years the number of newly licensed CPAs actually increased. In 2013, for instance, 1,760 Texas applicants completed all sections of the exam. In 2014, there were 1,765 newly licensed Texas CPAs based on examination (excluding licensure by



Continued on page 3

IN THIS ISSUE

- 2**
CPE Sponsors
- 3**
Promoting the Profession
- 4**
Increasing Diversity
- 6**
Swearing-In Ceremony
- 7**
Fifty-Year Licensees
- 8**
Board Directory
- 9**
Your Feedback is Important
- 10**
Enforcement Actions

The Texas State Board of Public Accountancy publishes the *Board Report* four times a year for its licensees.

CPE SPONSORS SUCCESSFULLY COMPLETING REVIEW (as of July 25, 2016)

Sponsor #	Sponsor Name	Date of Next Review	Status
010166	5th Gear Consulting	03/01/2018 - 02/28/2019	E
000369	Acct Dept - University of North Texas	01/01/2018 - 12/31/2018	A
009880	Akili Inc	02/01/2018 - 01/31/2019	A
009674	Altegrity Partners LLC	01/01/2018 - 12/31/2018	A
001339	Angelina College	01/01/2018 - 12/31/2018	E
010158	Association of Certified Fraud Examiners, Dallas Chapter	03/01/2018 - 02/28/2019	A
005972	Association of CPA's in the IRS - Dallas	02/01/2018 - 01/31/2019	A
000516	Axley & Rode, LLP	02/01/2018 - 01/31/2019	A
007260	Baker & McKenzie, LLP	03/01/2018 - 02/28/2019	E
009962	BHP Billiton - Group Tax	12/01/2017 - 11/30/2018	E
010135	Boothe, Vassar and Company	12/01/2017 - 11/30/2018	A
003369	Burchell, Denson & Morrison, PC	03/01/2018 - 02/28/2019	A
008425	Burlington Northern Santa Fe, LLC	12/01/2017 - 11/30/2018	A
010161	C. Geraci & Company	03/01/2018 - 02/28/2019	E
001322	CF & Co., LLP	01/01/2018 - 12/31/2018	A
000595	Chamberlain, Hrdlicka, White, Williams & Aughtry	02/01/2018 - 01/31/2019	A
003411	Chief Financial Officers Assoc of the Tx Council Community MHMR Cntrs	04/01/2018 - 03/31/2019	A
000377	Colorado Society of CPAs	01/01/2018 - 12/31/2018	A
009670	Condon & Company, P.C.	01/01/2018 - 12/31/2018	A
009074	CPE Publications, Inc.	12/01/2017 - 11/30/2018	A
010192	Cross Financial Services	07/01/2018 - 06/30/2019	A
005532	Cuellar, Morales, Gonzalez & Co., P.L.L.C.	04/01/2018 - 03/31/2019	A
000507	Davis Kinard & Co, PC	01/01/2018 - 12/31/2018	A
005920	Doeren Mayhew	12/01/2017 - 11/30/2018	A
008014	Donald W. Kimball, CPA, PC	01/01/2018 - 12/31/2018	A
008461	Duke Energy	03/01/2018 - 02/28/2019	A
003228	EEPB, PC	12/01/2017 - 11/30/2018	A
010055	Energy Training Solutions	03/01/2018 - 02/28/2019	A
007254	EOG Resources, Inc.	03/01/2018 - 02/28/2019	A
007582	Express Information Systems, Inc.	03/01/2018 - 02/28/2019	A
001374	Faske Lay & Co., LLP	02/01/2018 - 01/31/2019	A
000454	Freemon, Shapard & Story	01/01/2018 - 12/31/2018	A
009675	GBH CPAs, PC	01/01/2018 - 12/31/2018	A
010139	Guidance Financial	01/01/2018 - 12/31/2018	E
009378	Ham Langston & Brezina, LLP	02/01/2018 - 01/31/2019	A
008278	Harris County Department of Education	03/01/2018 - 02/28/2019	A
009370	Houston Chapter - CFMA	12/01/2017 - 11/30/2018	A
001987	Johnson Miller & Co CPAs, PC	01/01/2018 - 12/31/2018	A
000426	Lane Gorman Trubitt, PLLC	01/01/2018 - 12/31/2018	A
010175	Lawing Financial	04/01/2018 - 03/31/2019	A
002686	Lawrence R Jones, Jr.	02/01/2018 - 01/31/2019	A
000628	LBJ Sch of Public Affairs, C & T	03/01/2018 - 02/28/2019	A
000373	Long, Chilton, LLP	01/01/2018 - 12/31/2018	A
010170	Loren D. Stark Company	04/01/2018 - 03/31/2019	A
010154	MBR Financial	02/01/2018 - 01/31/2019	A
006428	McCall, Gibson, Swedlund, Barfoot, PLLC	03/01/2018 - 02/28/2019	A
010174	North Central Texas Council of Governments	04/01/2018 - 03/31/2019	A
000437	Rice University Executive Education	01/01/2018 - 12/31/2018	E
010146	Riddle & Akiens, LLP	02/01/2018 - 01/31/2019	E
009702	RPC CPAs + Consultants, LLP	04/01/2018 - 03/31/2019	A
010141	Scholz Klein & Friends Enlightened Retirement Group Inc	01/01/2018 - 12/31/2018	A
010159	Sentinel Trust Company LBA	03/01/2018 - 02/28/2019	A
000582	Shell Oil Company	02/01/2018 - 01/31/2019	A
010168	Southwest Key Programs, Inc.	04/01/2018 - 03/31/2019	A
008698	Stout Risius Ross, Inc.	05/01/2018 - 04/30/2019	A
009566	Tammy Vasilatos, CPA, LLC	02/01/2018 - 01/31/2019	A
000438	Texas Christian University	01/01/2018 - 12/31/2018	A
005087	Travis Wolff, LLP	03/01/2018 - 02/28/2019	A
001283	TX Society of CPAs - Rio Grande Chapter	12/01/2017 - 11/30/2018	A
000332	TX Society of CPAs - San Angelo Chapter	12/01/2017 - 11/30/2018	A
000326	TX Society of CPAs - Victoria Chapter	12/01/2017 - 11/30/2018	A
000567	Valero Companies, Inc.	02/01/2018 - 01/31/2019	A
003259	Victoria Area Estate Planning Council	01/01/2018 - 12/31/2018	E
007231	Waste Management, Inc.	02/01/2018 - 01/31/2019	A
000391	Weaver and Tidwell, LLP	01/01/2018 - 12/31/2018	A

Registration Status: A = Currently active E = Currently expired

• Check the Board website at www.tsbpa.texas.gov for qualified CPE providers before enrolling in a CPE course.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

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reciprocity). The TSBPA believes this reveals a connection between Texas CPA Exam eligibility requirements and the CPAs who get certified the year after they pass the exam. In Texas, you must complete 150 semester hours before you can take the exam. Additionally, you must have one year of work experience to be certified.

It's possible that some jurisdictions may be experiencing a lower rate of exam candidates who pass the exam because they allow applicants to take the exam with less than 150 semester hours of college credit. Someone who passes the exam without the required 150 hours to be certified may become employed in a position that doesn't require certification and feel there's no need to go back to school to become certified. As years pass, going back to school becomes more difficult. The individual may have a family to care for, or a job that requires them to work long hours and may not provide them with the opportunity to take more classes.

Promoting the Profession

Sitting for the exam is also costly and time consuming. To assist, some states provide scholarships and an increasing number of CPA firms allow their employees time off to study for the exam. The TSBPA administers a scholarship program for fifth-year accounting students. The program was established in 1991 to aid disadvantaged students needing assistance in financing a fifth year of college. A fifth year is often necessary to meet the educational requirements to take the CPA Exam. The program is funded by Texas CPAs who contribute a legislatively mandated \$10 fee to the scholarship program through their annual license renewal. Funds are allocated to participating Texas colleges and universities, whose financial aid offices make the decisions on awarding scholarships to individual students.

Professional associations and societies, firms, and state boards have implemented various programs and strategies to promote the CPA designation. The AICPA has partnered with state societies and academics to recruit more students and increase the CPA presence at high schools, community colleges, and universities. TSBPA staff frequently visit colleges to give presentations on exam requirements.

"Much can be done and is underway in this regard, starting with simply asking CPAs to share with students what a wonderful and rewarding profession it is," said Colleen K. Conrad, National Association of State Boards of Accountancy (NASBA) Executive Vice President and Chief Operating Officer. "I do know that many state societies have grass root efforts in place to get the word out. Efforts also include increasing the number of CPA professors and student champions at universities,

increasing the buzz through social media, and providing scholarships and mentoring programs," Conrad said.

Employers that are supportive of the CPA designation are another driving factor that influences young professionals to continue on to licensure. "It is also very important to continue to work with firms to encourage candidates to complete the exam and become licensed after they start working," Conrad said. Independent qualitative and quantitative research commissioned by the AICPA showed that 89 percent of exam candidates were employed in the accounting workforce.

What You Can Do

- Talk to students and young professionals about the importance of taking the CPA Exam.
- Make yourself available for mentoring and shadowing opportunities, or just be available to answer questions.
- Volunteer to speak at schools or youth outreach groups within your community. Share personal stories and real-life examples.
- Talk about the short-term benefits of becoming a CPA and how it's possible to significantly increase your salary a few years after taking the exam.
- Highlight other key benefits, including job security, industry recognition, prestige of the CPA designation, and how becoming a CPA is probably the best way to enhance your accounting career.
- You can also talk about all of the different career paths and flexibility being a CPA provides. For instance, you can work for a startup, the government, a nonprofit, or even work internationally.
- Consider teaching accounting courses at community colleges or universities.

What Employers Can Do

- Require licensure.
- Pay for your staff to take the exam.
- Provide time to study and take the exam.
- Recruit on college campuses.
- Offer internships and shadowing opportunities.

Increasing Diversity within the Profession

Another issue connected to the CPA pipeline is the lack of ethnic diversity within the profession. “The profession is not only looking at the overall pipeline, but also the pipeline relative to underserved population groups in an effort to impact diversity,” said Colleen K. Conrad, National Association of State Boards of Accountancy (NASBA) Executive Vice President and Chief Operating Officer. U.S. Census data shows that there were 8 million minority-owned businesses in 2012; a 38.1 percent increase from 2007. Census data also shows that by 2044, minorities will actually become the majority of the U.S. population.

Comparatively, AICPA 2013-2014 new accounting hire demographics show that nationally 69 percent of new hires holding bachelor’s or master’s degrees in accounting were White, 15 percent were Asian/Pacific Islander, 8 percent were Hispanic/Latino, and 3 percent were Black/African-American. “When you look at the percentages of minorities within the overall U.S. population, minorities are grossly underrepresented within the CPA profession,” said Alfonzo Alexander, NASBA Chief Relationship Officer and President of the NASBA Center for the Public Trust. “This country is becoming much more diverse at a much faster rate than ever before,” Alexander said. “If the accounting profession doesn’t become more diverse, then it will run out of talent, plain and simple.”

Increasing diversity is also important to the profession because the greatest responsibility of CPAs is to serve the public. Diversity must be represented within the profession in order to adequately meet the needs of an ever-increasing diverse population and to provide quality services to clients. “A firm whose workforce is representative of its client base has better financial performance over time,” said Felicia Farrar, the Director of Resource Development for the National Association of Black Accountants, Inc. (NABA) Western Region Council. Additionally, having a workforce with people of different backgrounds and perspectives allows employers to be more innovative and make broader-based decisions.

There are several different factors that contribute to the under-representation of minorities in the CPA profession. Farrar explained that many minority accounting majors are non-traditional students. Oftentimes, they are older, have families, work full-time, and may not participate in student organizations in the same way that traditional students do. NASBA statistics show that 58.3 percent of African-American CPA candidates take the exam after their 30th birthday. Another common scenario is that minorities may not fully utilize career services to move into professional accounting positions after graduation. As a result, they remain in the same types of jobs post-graduation that they had while they were in school.

“I think there’s a lack of awareness about the CPA designation within the minority community,” Alexander said. “One of the things I think would make a significant difference would be for young minorities to receive earlier exposure to the CPA profession. Oftentimes, they are making decisions about what they think they want to do from a career standpoint and becoming a CPA isn’t on their radar. Statistical data supports that the CPA profession is by and large one that people pursue because they have a family or a close friend from the neighborhood that is in the profession. Minority students may not have encountered a CPA so they don’t aspire to be one.”

Farrar echoed this concern. “Because most minorities do not have an accountant in their family, they often don’t learn about accounting until they are already in college. However, by the time kids are five years old, they’ve seen a doctor, nurse, police officer, and fireman. They’ve also probably seen a television show with a lawyer. In elementary school, children are learning about engineering and computer science because of the emphasis on STEM education,” she said.

Farrar also stressed the need for accounting firms to recruit new hires from schools with large minority populations. “To recruit a more diverse workforce, I think firms need to expand their recruiting efforts to institutions that educate large numbers of minority accounting students,” she said.

Alexander referenced the historical lack of accounting opportunities as another contributor to the shortage of minority CPAs. “Before the Civil Rights Act of 1964, it was very difficult for individuals to become CPAs and also get jobs at firms. The first ethnic minority became a CPA in 1921. From 1921 to 1964 there were less than 100 ethnic minority CPAs. Prior to that, firms did not have to and really didn’t hire minority CPAs so minorities that became CPAs went into independent practice. Fast forward to today, the numbers are still very low because we don’t have more than 50 years of history where there was an opportunity for minority CPAs to work at firms,” Alexander explained.

He also cited economics as another reason why minorities are under-represented in the profession. “If you look purely at the process to become a CPA, in most states you have the completion of an undergraduate degree and then factor in the exam costs and getting an additional 30 hours to meet the 150-hour requirement to be licensed. That adds an additional financial and time commitment. In many cases, minorities don’t have the financial wherewithal to consider that additional education,” Alexander said. A young minority graduate may decide not to pursue a CPA license and take on additional student loan debt when they are presented with several job offers that don’t require a CPA license.

Scholarships and fellowships can help relieve academic costs and serve as a catalyst to increase the number of minorities in the profession. The Texas State Board of Public Accountancy provided 473 scholarships to fifth-year accounting students in the 2015-2016 academic year. Of those recipients, 224 were Caucasian, 115 were Hispanic or Latino, 78 were Asian, and 41 were African-American. "Each year, the Board's scholarship program makes an invaluable impact on the lives of Hispanic/Latino students in the state of Texas by helping them strive for their goal of becoming a CPA. By assisting them financially for their hard work and dedication the bar is raised for all future CPAs," said Cynthia Ramos, Association of Latino Professionals For America (ALPFA) member and past Austin Chapter President.

AICPA research findings have shown that professors who are CPAs and/or encourage the CPA designation have a strong influence on students who continue to licensure. Students often make decisions about their major early in their academic careers based on exposure to a professor in their freshman or sophomore year of college. Farrar and Alexander both believe that diversity in the profession is fueled by increasing the number of minority CPA faculty members at colleges. "Students (both minority and majority) are often taught by faculty members that are not CPAs and thus are not encouraged by them to pursue certification," Farrar said. To counteract this, KPMG, NASBA, the AICPA Foundation, and many other organizations are sponsors of the PhD Project; a nonprofit dedicated to advancing workforce diversity by increasing the diversity of business school faculty.

The Howard University Business School Center for Accounting Education, NABA Western Region, AICPA, and Houston area minority-serving institutions have partnered to create a CPA Exam boot camp pilot program to prepare minority candidates to sit for and pass all four parts of the exam. The intensive eight-week boot camp took place at the University of Houston this summer. Farrar organized the boot camp and received in-kind donations to run the program, including the Ph.D. and CPA instructors who volunteered their time to teach the classes.



All of the Big Four firms and many of the next tier firms have developed diversity programs and initiatives.

"The Big Four in particular are really aggressive about trying to better diversify their workforces because they are experiencing a need first-hand. Their customers are saying 'we need more diversity on client engagements,' etc.," Alexander said.

The AICPA has a National Commission on Diversity and Inclusion, which includes representatives from minority professional advocacy groups such as the ALPFA, NABA, and Ascend. The AICPA has implemented initiatives such as scholarships for minority accounting students, fellowships for minority doctoral students, and the Accounting Scholars Leadership Workshop.

NASBA is also committed to promoting diversity and inclusion within the profession. The NASBA Diversity Committee is working with other organizations to support various diversity efforts, as well as using statistics to document information about candidates making it into the pipeline. "NASBA is very interested in collaborating with other organizations to achieve positive change so we don't have siloed efforts. We hope to have as many groups as possible working together to tackle this issue," Alexander said.

Many advancements and efforts have been made to increase the diversity of the CPA profession; however, Alexander points out that more needs to be done to retain minorities within the workforce. "Diversity is like being asked to the prom. Diversity recruitment gets you in the door, but inclusion is being asked to dance once you're there," he said. "One of the challenges is that once minorities join CPA firms they sometimes don't feel included or feel like they fit in with the work culture there, so many of them work a few years and then they leave and the retention is very low. I think that all companies across the board should provide diversity sensitivity and awareness trainings to create dialogue and so people can learn about each other. We often make assumptions about each other or ignore our differences, but when we do this we lose the benefit of having diversity."

- For more information about the NABA Western Region CPA Exam Boot Camp, contact Felicia Farrar: felicia_farrar@yahoo.com, (832) 978-3629.
- For more information about collaborative diversity initiatives, contact Alfonzo Alexander: aalexander@nasba.org, (615) 312-2815.

Swearing-In Ceremony, June 18, 2016 – Austin, TX



Outstanding Candidates who attended the ceremony were recognized for their high achievement on the Uniform CPA Exam.

They included, from **L-R, back row:** Hannah Zaman, Courtney Ware, Micah Geisenberg, and Kelly Pahl.

L-R, front row: Katrina Scott, Taylor Newton, Jonathan Anders, and Audrey Pederson.

Hannah Zaman was a recipient of the AICPA's Elijah Watt Sells Award, which honors exemplary performance on the exam.

Board members who welcomed the new CPAs to the profession were, **L-R:** Jonathan Cluck, Robert McAdams, J. Coalter Baker, Ross Johnson, and Donna Hugly.



Members of the Austin CPA Chapter who generously volunteered their time at the event were, **L-R, back row:** Amanda Klein, Matt Malcom, Tony Ross, and Frank Stover.

L-R, front row: Vicki Foisy, Nancy Foss, Cesar Gregorio, Kayo Kawamoto, and Jan Keeling.

Fifty-Year Licensees from the June Ceremony



Fifty-year honorees who attended the June 18 ceremony. **Back row, left to right:** Carole Gebhard, Rick Shriner Glassett, Larry Allan Harman, and John M. Latta.

Front row, left to right: Ronnie Rudd (former TSBPA Board member), Jeffrey Templeton, Alan Woodbury, and Joseph Yardas Jr.

FIFTY-YEAR LICENSEES

Clinton E. Ables
John Mason Andres
A. T. Blackshear
Mary J. Blazek
Kenneth Edward Bond
James Lee Bowen
Dudley M. Bumpass
John Baskin Chesshir
John R. Collins Jr.
Anthony Wayne Corley
William D. Crays
Ana Guerrero Cummings
Joseph Edward Day Jr.
Bob R. Dean
Harold C. Dehart
David H. Dial
Robert B. Egan
Robert D. Eubanks
Carole Last Gebhard
Richard S. Glassett
William O. Green Jr.
A. T. Griffin
Larry Allan Harman
Roy Edward Henderson

Stephen H. Hollern Jr.
John O. Ivie
Russell M. Johnson
Kenneth Leslie Jones
Arthur W. Kiker
L. Frank Kollaja
David Isadore Kuperman
Matthew A. Landry Jr.
John Morse Latta
Curtis Norman Leggett
John Richard Lemmon
Robert Charles Littlefield
Glynda Marie Lowther
Monroe M. Luther
John Moody Malloy
John Bradford Manthey
William Henry Moody
Robert Daniel Mosier Jr.
Arthur Foster Nelson
Melvin K. Pankey
Gary G. Payne
John S. Perlowski
John Madison Ratcliff
Ronnie Rudd

Joseph H. Shollenbarger
Earl Allan Siebold
Sidney J. Simmons
Malcolm A. Smith
Sammie Lucian Smith
George Henry Spencer Jr.
Donald E Spradling
Benjamin Dwight Stephens
Carroll Edward Sylvester
Lawrence E. Tanner
Jeffrey Monroe Templeton
Don Roger Trott
John Shinn Turner
Robert Ingram White
Allen W. Wilkerson
Haddon Otto Winckler
Willie M. Winn Jr.
Mabry David Wolverton
Alan Gillette Woodbury
Joseph Stefan Yardas Jr.
Charles E. Yeager
Thomas Ray Zeigler

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Division	Area of Expertise	Contact Information
Executive	<ul style="list-style-type: none"> Oversight of all Board operations 	(512) 305-7803 Fax: (512) 305-7854 executive@tsbpa.texas.gov
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Continuing Professional Education (CPE)	<ul style="list-style-type: none"> CPE requirements CPE Board-approved ethics courses 	(512) 305-7844 Fax: (512) 305-7875 licensing@tsbpa.texas.gov
Enforcement	<ul style="list-style-type: none"> Complaints against a CPA or CPA firm Disciplinary actions against licensees Unlicensed practice of public accountancy The <i>Public Accountancy Act</i> and the Board's <i>Rules of Professional Conduct</i> 	(512) 305-7866 Fax: (512) 305-7854 enforcement@tsbpa.texas.gov
General Counsel	<ul style="list-style-type: none"> Administration of the Enforcement Program Open records requests 	(512) 305-7842 Fax: (512) 305-7854 enforcement@tsbpa.texas.gov
Information Resources	<ul style="list-style-type: none"> Board website Passwords Databases Mailing labels Lists 	(512) 305-7800 Fax: (512) 305-7854 inforesources@tsbpa.texas.gov
Licensing	<ul style="list-style-type: none"> Individual annual licensing CPA reciprocal registration Swearing-in Ceremony Firm registration Annual firm licensing Firm peer review requirements Foreign registration 	(512) 305-7853 Fax: (512) 305-7875 licensing@tsbpa.texas.gov
Publications/Communications	<ul style="list-style-type: none"> <i>Texas State Board Report</i> and other publications Public education requests 	(512) 305-7804 Fax: (512) 305-7854 publicinfo@tsbpa.texas.gov
Qualifications	<ul style="list-style-type: none"> Qualifying for the CPA Exam Fifth-Year Accounting Student Scholarship Program CPA certification requirements 	(512) 305-7851 Fax: (512) 305-7875 exam@tsbpa.texas.gov
Sponsor Review Program	<ul style="list-style-type: none"> Questions about the Sponsor Review Program CPE sponsors 	(512) 305-7832 Fax: (512) 305-7875 specprog@tsbpa.texas.gov

ENFORCEMENT ACTIONS

Ratified at the May 12, 2016 Board Meeting

A. AGREED CONSENT ORDERS

BEHAVIORAL ENFORCEMENT COMMITTEE

1. Investigation Nos.:

**15-04-06L, 15-04-07L,
15-04-12L & 15-04-13L**

Respondents: David Eugene Hamblin & David E. Hamblin (Firm)

Hometown: Houston, TX

Certificate No.: 029997

Firm License No.: T00645

Rule Violations: 501.76, 501.93

**Act Violations: 901.502(6),
901.502(11)**

Respondents entered into an agreed consent order (ACO) with the Board whereby Respondent and Respondent Firm were reprimanded. In addition, Respondent's certificate and Respondent Firm's license were revoked for two years from the effective date of the Board Order. However, the revocation was stayed and Respondents were placed on probation for two years and must pay \$160.82 in administrative costs within 30 days of the Board Order.

Respondent failed to return client records and failed to respond to Board communications in a timely manner.

2. Investigation Nos.: 15-12-08L & 15-12-09L

Respondents: Aurelia Evers Weems & Aurelia E. Weems, CPA, PLLC (Firm)

Hometown: Houston, TX

Certificate No.: 087946

Firm License No.: C07864

**Rule Violations: 501.90(12),
501.74, 501.76**

Act Violation: 901.502(6)

Respondents entered into an ACO with the Board whereby Respondent and Respondent Firm were reprimanded. In addition, Respondents

must pay a \$500 administrative penalty and \$119.11 in administrative costs within 30 days of the date of the Board Order.

Respondents failed to respond to a client's inquiries, failed to provide client records and a copy of a client's tax returns upon request and failed to exercise due professional care in taking on an engagement which she could not reasonably expect to complete with due professional competence.

TECHNICAL STANDARDS REVIEW COMMITTEE

1. Investigation Nos.: 15-10-10L, 15-10-11L & 15-10-12L

Respondents: M&K CPAs, PLLC, Matthew P. Manis, Jr. & Jon Eric Ridenour

Hometown: Houston, TX

Certificate Nos.: 061681 (Manis) & 093935 (Ridenour)

Firm License No.: C06793

Rule Violation: 501.90(7)

Act Violation: 901.502(6)

Respondents entered into an ACO with the Board whereby Respondent Firm was reprimanded and Respondents Manis and Ridenour are subject to a scope limitation for five years from the effective date of the Board Order, as further described below. In addition, Respondent Firm must pay an administrative penalty of \$36,000 and administrative costs of \$774.23; Respondent Manis must pay an administrative penalty of \$16,000; and Respondent Ridenour must pay an administrative penalty of \$12,000 according to payment plans set out in the ACO.

During the five-year scope limitation, Respondents Manis and Ridenour are prohibited from performing audits that are required to be performed in accordance with the Statements on Auditing Standards, auditing standards included in

Standards for Audit of Government Organizations, Programs, Activities and Functions issued by the U.S. General Accountability Office, auditing and related professional practice standards to be used by registered public accounting firms issued by the Public Company Accounting Oversight Board (PCAOB), and other pronouncements having similar generally recognized authority.

Respondents entered into an Offer of Settlement with the Securities and Exchange Commission (SEC) which constitutes a consent decree related to the performance of audits performed for public companies. The consent decree included the following sanctions: Respondents Manis and Ridenour were denied the privilege of appearing or practicing before the SEC and Respondent Firm was censured. In addition, Respondent Manis paid a civil penalty of \$20,000, Respondent Ridenour paid a civil penalty of \$15,000, and Respondent Firm paid a civil penalty of \$50,000 and was ordered to disgorge its audit fees plus interest.

2. Investigation No.: 15-10-13L Respondent: Benjamin Joel Ortego

Hometown: Houston, TX

Certificate No.: 094845

Rule Violation: 501.90(7)

Act Violation: 901.502(6)

Respondent entered into an ACO with the Board whereby he was reprimanded and placed on probation for a period of three years from the effective date of the Board Order. In addition, Respondent must pay an administrative penalty of \$25,000 and administrative costs of \$119.11 according to a payment plan set out in the ACO.

Respondent entered into an Offer of Settlement with the SEC which constitutes a consent decree related to the performance of audits performed

for public companies. Respondent accepted a three year ban from appearing or practicing before the SEC and paid a \$50,000 civil money penalty.

3. Investigation Nos.: 13-01-29L & 13-01-30L

Respondents: Mahesh K. Thakkar & Mahesh K. Thakkar, CPA, Inc.

Hometown: Plano, TX

Certificate No.: 088101

Firm License No.: C07243

Rule Violations: 501.60, 501.93, 527.4

Act Violations: 901.502(6), 901.502(11), 901.502(12)

Respondents entered into an ACO with the Board whereby Respondents and all successor CPA firms of Respondents, and all CPA firms managed by Respondents, referred to herein collectively for all purposes as Respondents, were Suspended from performing attest work, as defined by *Section 901.002(a)(1)* of the *Act* for two years starting from the effective date of the Board Order. After the passage of two years, Respondents may only apply to the Technical Standards Review Committee for reinstatement of Respondents' ability to perform attest services subject to pre-issuance review. In addition, Respondents must pay an administrative penalty of \$15,000 and \$7,901.65 in administrative costs according to a payment plan set out in the ACO.

The Respondents issued an audit that did not comply with generally accepted auditing standards (GAAS). Respondents also failed to respond to the Board's written communications and Respondent Firm did not timely participate in peer review.

B. AGREED CEASE AND DESIST ORDER

- **Investigation No.: 16-03-01N**
Respondent: Laura Van Cleave
Hometown: Round Rock, TX
Act Violation: 901.456

Respondent entered into an agreed cease and desist order (ACDO) 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 or certified public accountancy.

Respondent provided an attest service, an audit, although Respondent does not hold a firm license in Texas. This action constitutes a violation of *Section 901.456* of the *Act*.

Enforcement Actions Ratified at the July 14, 2016 Board Meeting

A. AGREED CONSENT ORDERS

BEHAVIORAL ENFORCEMENT COMMITTEE

- 1. Investigation No.: 15-05-11L**
Respondent: Michael Wesley Covington
Hometown: San Antonio, TX
Certificate No.: 070743
Rule Violation: 501.90(17)
Act Violation: 901.502(6)

Respondent entered into an agreed consent order (ACO) with the Board whereby Respondent was reprimanded and ordered to pay \$2,000 in administrative penalties and \$214.42 in administrative costs within 30 days of the date of the Board Order. In addition, Respondent is required to complete his next required ethics continuing professional education course in a live course and submit proof of completion to the Board.

Respondent voluntarily disclosed confidential information communicated to him by his employer.

- 2. Investigation No.: 16-03-10L**
Respondent: Chad Allen Miller
Hometown: Dalhart, TX
Certificate No.: 074244
Rule Violation: 501.90(10)
Act Violation: 901.502(6)

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$273.95 in administrative costs within 30 days of the date of the Board Order. In addition, Respondent may not act as a trustee or executor for any trust or estate without prior approval from the Board.

Respondent breached his fiduciary responsibility to the beneficiaries of a trust of which he was the trustee.

- 3. Investigation No.: 16-02-10L**
Respondent: Joseph William Peine
Hometown: Houston, TX
Certificate No.: 078173
Rule Violation: 501.90(17)
Act Violation: 901.502(6)

Respondent entered into an ACO with the Board whereby Respondent would be reprimanded and ordered to pay \$1,000 in administrative penalties and \$83.38 in administrative costs within 30 days of the date of the Board Order.

Respondent communicated that his employer was preparing to release fraudulent financial statements and provided information to a reporter which was used by the reporter in a published article.

4. Investigation Nos.: 15-12-16L & 15-12-17L
Respondents: John Michael Sabatino & John M. Sabatino, CPA, P.C. (Firm)
Hometown: San Antonio, TX
Certificate No.: 024512
Firm License No.: C06053
Rule Violations: 501.74, 501.77
Act Violation: 901.502(6)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and ordered to pay \$1,750 in administrative penalties and \$238.22 in administrative costs within 30 days of the date of the Board Order.

Respondent failed to properly supervise and oversee the work being performed by an enrolled agent employed by Respondent Firm. Respondent Firm issued inaccurate tax returns prepared by an employee not licensed by the Board.

TECHNICAL STANDARDS REVIEW COMMITTEE

1. Investigation No.: 15-03-25L
Respondent: Edward James Chytil, Jr.
Hometown: Dallas, TX
Certificate No.: 037866
Rule Violations: 501.60, 501.74
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's license was suspended for a period of two years; however, this suspension was stayed and the Respondent was placed on probation for two years from the effective date of the Order. The Board further orders that the Respondent pay administrative costs of \$702.77 within 30 days of the effective date of this Order. In addition, Respondent's certificate was placed on Limited Scope Status as described below until a petition for removal is approved. The Respondent is prohibited from acting in a supervisory

capacity on audit engagements required by the Board to be performed in accordance with the auditing standards adopted by the American Institute of Certified Public Accountants (AICPA) or another national accounting organization recognized by the Board. Any CPA firm licensed by Respondent is prohibited from performing audit engagements required by the Board to be performed in accordance with the auditing standards adopted by the AICPA or another national accounting organization recognized by the Board.

Respondent was the audit manager of the CPA firm of Mahesh K. Thakkar, CPA, Inc., license number C07243. Respondent failed to assure that an audit of S. Noorani International, Inc. for the year ending December 31, 2011 complied with generally accepted auditing standards (GAAS) in all material respects.

2. Investigation No.: 15-07-16L
Respondent: Dale John Jensen
Hometown: Dallas, TX
Certificate No.: 081626
Firm License No.: C05473
Rule Violation: 501.90(8)
Act Violation: 901.502(6)

Respondent entered into an ACO with the Board whereby Respondent was Reprimanded and ordered to pay administrative costs of \$655.11 within 30 days of the date of the Board Order.

Respondent was censured by the Public Company Accounting Oversight Board (PCAOB) for failing to comply with PCAOB Auditing Standard No. 7, Engagement Quality Review. Respondent served as an engagement quality reviewer on two audits immediately after serving as the engagement partner on audits, without satisfying the mandatory two year "cooling-off" period for former engagement partners.

3. Investigation No.: 13-01-28L
Respondent: David M. Martin
Hometown: Waco, TX
Certificate No.: 033408
Rule Violation: 501.90(7)
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's license was suspended for a maximum period of three years from the effective date of the Order. Respondent may apply for a modification of this ACO upon a showing that the Securities and Exchange Commission (SEC) has lifted the suspension imposed by the SEC. Respondent must also pay administrative costs of \$1,514.20 within 30 days of the effective date of this order.

Respondent agreed to a three year suspension from appearing or practicing before the SEC. The SEC found that Respondent certified that financial statements were presented in accordance with generally accepted accounting principles (GAAP) although the entity reported revenue utilizing a revenue recognition practice that was not in accordance with GAAP.

4. Investigation Nos.: 16-02-01L & 16-02-02L
Respondents: David Leon McNinch & D. Leon McNinch, CPA, P.C.
Hometown: Alice, TX
Certificate No.: 016411
Firm License No.: C06976
Rule Violation: 527.5
Act Violation: 901.502(6)

Respondents entered into an ACO with the Board whereby Respondents were Reprimanded and the certificate and firm license were placed on Limited Scope Status until a petition for removal is approved. Respondents are prohibited from performing audit services, review services, compilation services and any other engagements required by the Board to be performed in accordance with the

standards for auditing, accounting, and review services adopted by the AICPA or another national accounting organization recognized by the Board. The Board also orders that Respondents pay administrative costs of \$476.44.

Respondent Firm has received three successive deficient peer reviews.

5. Investigation Nos.: 15-07-03L & 15-07-04L
Respondents: Thuy T. Nguyen & Nguyen Accounting Group, Inc.
Hometown: Richmond, TX
Certificate No.: 079773
Firm License No.: C08583
Rule Violations: 501.62, 501.74, 527.4
Act Violations: 901.502(6), 901.502(12)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and ordered to pay administrative costs of \$6,621.84 within 30 days of the date of the effective date of the Board order. In addition, Respondents are subject to scope limitations from the effective date of the Board Order until an application for removal of the limitations is found acceptable to the Committee and ratified by the Board. Respondents are prohibited from performing audit services and review services required by the Board to be performed in accordance with the standards for auditing, accounting, and review services adopted by the AICPA or another national accounting organization recognized by the Board. Respondents may issue compilation reports after they have been reviewed and accepted for release to a client by a pre-approved, pre-issuance reviewer.

Respondents failed to competently prepare compiled financial statements. Respondent Firm did not enroll in the applicable peer review programs of an approved sponsoring organization within 12 months from the performance of services that require a review.

6. Investigation Nos.: 15-03-15L, 15-07-14L, 15-03-16L & 15-07-15L
Respondents: Juan Eduardo Rivera & Juan Eduardo Rivera (Firm)
Hometown: Port Isabel, TX
Certificate No.: 023815
Firm License No.: S03394
Rule Violations: 501.81, 501.90(17), 501.93, 527.5
Act Violations: 901.502(6), 901.502(11), 901.502(12)

Respondents entered into an ACO with the Board whereby Respondent Rivera's certificate and Respondent Firm's license were revoked. In addition, Respondent Rivera must pay an administrative penalty of \$10,000 and \$3,210.03 in administrative costs within 30 days of the date of the Board Order.

Respondent firm received two successive "fail" ratings on peer reviews. Respondent Firm did not timely complete an accelerated peer review ordered by the Board. Respondent Firm's license was expired from January 1, 2010 until August 26, 2012 due to non-payment of fees and during that period Respondent firm continued to issue attest services. Respondent Firm was subject to a scope limitation requiring pre-issuance review of audits and effective during the following time periods: March 24, 2011 through March 23, 2013 and November 21, 2013 to the present day. No pre-issuance review was obtained before the audit reports dated November 30, 2011, October 4, 2013 and September 28, 2015 were issued. Respondents failed to provide requested copies of work papers and did not substantively respond to correspondence dated August 26, 2015, November 24, 2015 and January 4, 2016 in a timely fashion.

B. PROPOSAL FOR DECISION

- **Investigation No.: 13-11-15L**
SOAH Docket No: 457-15-4145
Respondent: Henri De Sola Morris
Hometown: Houston, TX
Certificate No.: 019904

The State Office of Administrative Hearings, Administrative Law Judge (ALJ) issued a Proposal for Decision and deemed as admitted the allegations that Respondent violated Board *Rules 501.90(4), 501.90(13), 501.91(a)(1)(A), and 501.91(d)*, as well as *Sections 901.502(6), 901.502(10) and 901.502(11) of the Act*. The ALJ also stated that the Board was entitled to the following relief: that Respondent's license and certificate be revoked, that Respondent be assessed a \$25,000 administrative penalty and direct administrative costs be imposed. The Board is in agreement with the ALJ's recommendation.

The Respondent pled guilty to the felony of traveling in interstate commerce and committing, or attempting to commit, drug-facilitated sexual assault with a female subordinate and is currently serving a prison term of 120 months.

Continuing Professional Education Actions

The certificate of each respondent listed below was not in compliance with the Board's continuing professional education (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* (Required CPE Reporting) and *501.94* of the Board's *Rules*, as well as *Section 901.411* (CPE) of the *Act*.

Respondent / Location	Board Date
Teresa Kay Barner, Houston, TX	05/12/2016
Kathleen Carnes Brooks, Parker, TX	05/12/2016
Susan Ogden Cox, Houston, TX	05/12/2016
Linda Kay Darter, McKinney, TX	05/12/2016
Blas Escarcega Jr., Addison, TX	05/12/2016
Maxwell Blake Gilbert, Prosper, TX	05/12/2016
Alberto Gonzalez, Houston, TX	05/12/2016
Thomas Michael Green, San Antonio, TX	05/12/2016
Jackeline Silva Hopkins, Grand Prairie, TX	05/12/2016
Vincent A. Hummer II, Houston, TX	05/12/2016
William Morris Humphries, Greenville, TX	05/12/2016
Deborah Kay Hunter, Austin, TX	05/12/2016
Jana Mary Koop, Irving, TX	05/12/2016
Michael Chi Ly, Pearland, TX	05/12/2016
Roy Gideon Moeller, Austin, TX	05/12/2016
Nathan Mark New, Austin, TX	05/12/2016
Keval V. Patel, Minneapolis, MN	05/12/2016
Robert Casparis Sansom, Austin, TX	05/12/2016
Brian E. Tullos, Sachse, TX	05/12/2016

Three-Year Delinquent Actions

The respondents listed in the next column violated *901.502(4)* 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 late fees and by otherwise coming into compliance with the *Act*.

Respondent / Location

Respondent / Location	Board Date
Delmar James Balitz, Henderson, NV	05/12/2016
Julie Kay Boyd, Tampa, FL	05/12/2016
Alaina Bryant, Pearland, TX	05/12/2016
Sharon Ann Buford, Georgetown, TX	05/12/2016
Rondal August Caldwell, Houston, TX	05/12/2016
Leah Bobo Cargill, Southlake, TX	05/12/2016
Kevin Paul Cohn, Franklin, TN	05/12/2016
George Melville Duke, Dallas, TX	05/12/2016
Vickie W. Fletchall, Fairfield, CT	05/12/2016
Rita Lynn Franks, Houston, TX	05/12/2016
Larry Dame Jensen, Dallas, TX	05/12/2016
Glendyr Elaine Nealis Kiracofe, Baltimore, MD	05/12/2016
Blake Allan Kuhlman, Pontotoc, TX	05/12/2016
Shiva A. Landry, Houston, TX	05/12/2016
Larry Thomas Ledet, Humble, TX	05/12/2016
Debra Kay Cassedy Moore, Arlington, TX	05/12/2016
Henry Moyle Nielson, Spring, TX	05/12/2016
Charlotte Nixon, Wichita Falls, TX	05/12/2016
John William Nixon, Atlanta, GA	05/12/2016
Leonard John Roussin, Plainville, MA	05/12/2016
Robert J. Snyder, Plano, TX	05/12/2016
Jon Emery Southwell, Houston, TX	05/12/2016
Ria Tedjokumoro, Stow, OH	05/12/2016
Tonja Snyder Terrazas, Dallas, TX	05/12/2016
Carl Williams, Houston, TX	05/12/2016
Talka Deanne Yartz, Houston, TX	05/12/2016
Lynne Balentine Zipko, Richardson, TX	05/12/2016

Failure to Renew Action

The respondent failed to complete their license renewal notice in accordance with *Section 515.3* of the Board's *Rules*. Following a public hearing, an Administrative Law Judge (ALJ) of the State Office of Administrative Hearings recommended that the certificate of the respondent not in compliance be revoked without prejudice until such time as the respondent complies with the requirements of the *Rules* and the *Act*. The ALJ found that the respondent violated *Section 901.502(12)* (regarding violations of Board *Rules*) of the *Act*. The respondent, although properly notified, failed to appear in person or by authorized representative. No Board Committee considered this matter.

Respondent / Location	Board Date
Raymond Sterling Cotti, Austin, TX	05/12/2016

Help Us Identify Unlicensed Individuals and Firms Offering Accounting Services

Over the last three years, the Board's Unauthorized Practice of Public Accountancy Program has identified more than **1,700** unlicensed individuals and firms claiming to be CPAs or offering accounting or attest services to the public. Although this program has been very successful, we know that there continues to be false or misleading advertising. There are approximately 70,000 licensed CPAs in Texas who can help protect the public from individuals and firms misrepresenting their qualifications.

If you suspect signage, business cards, letterheads, or other marketing materials that are false or misleading, you may report it by calling **512-305-7866** or email enforcement@tsbpa.texas.gov.

Interested in Becoming A Peer Reviewer?



The Texas Society of CPAs is always looking for qualified peer reviewers with experience in accounting and auditing engagements.

To learn more about becoming a qualified peer reviewer, visit the Peer Review section of tscpa.org (under the "Resource Center" tab) or contact Jerry Cross, CPA, Director of Peer Review (jcross@tscpa.net or 972-687-8617).

Are You Moving?



Whether you move next door or across the country, Board rules require you to notify us within 30 days!

Here's how:

- **Online** under "Online Services" at www.tsbpa.texas.gov
- **Email:** licensing@tsbpa.texas.gov
- **Phone:** 512-305-7853
- **Mail:** TSBPA
333 Guadalupe
Tower 3, Suite 900
Austin, TX 78701-3900

Texas State Board of Public Accountancy
333 Guadalupe, Twr 3, Ste 900
Austin, Texas 78701-3900

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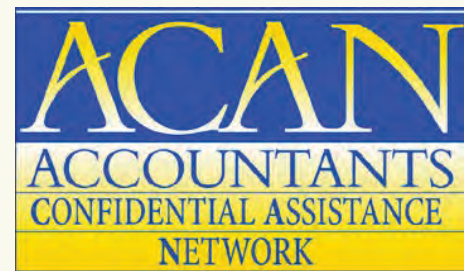
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Attention: CPAs, Exam Candidates, and Accounting Students

If you are dealing with alcohol or drug dependency problems or mental health issues, you can get help from the Accountants Confidential Assistance Network (ACAN). ACAN volunteers are CPAs who have had first-hand experience with these same issues and who understand what you are dealing with. Don't hesitate to get the help you need. All communications are confidential.

For help, call
1-866-766-2226

Administered by the TSCPA and Funded in Part by the Board



Additional 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 the 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*.