

# Texas State Board of Public Accountancy

## March 24, 2016

The Texas State Board of Public Accountancy met from 10:00 a.m. until 11:12 a.m. on March 24, 2016, at 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701-3900. A notice of this meeting containing all items on the agenda was filed with the Office of the Secretary of State at 9:48 a.m. on March 14, 2016. (TRD #2016-001747).  
**(ATTACHMENT 1)**

### **Board Members Present**

J. Coalter Baker, CPA  
*Presiding Officer*  
John R. Broaddus, CPA  
Jonathan B. Cluck, Esq.  
Rocky L. Duckworth, CPA  
*Member-at-Large*  
Susan Fletcher  
Donna J. Hugly, CPA  
*Assistant Presiding Officer*  
Ross T. Johnson, CPA  
Timothy L. LaFrey, Esq., CPA  
William Lawrence  
*Member-at-Large*  
Robert M. McAdams, CPA  
*Treasurer*  
Roselyn E. Morris, Ph.D., CPA  
Benjamin Peña, CFE, CPA  
Steve D. Peña, CPA  
*Secretary*  
Kimberly E. Wilkerson, Esq.  
Phillip W. Worley

### **Others Present**

Dennis Fernelius, CPA  
Matt Hunter, Esq.  
Robert Owen, CPA  
Mark Vane, Esq.

### **Staff Present**

Bryce Beasley  
Paulette Beiter, Esq.  
Roel Cantu  
Ismael Castillo  
Karen Davis  
Rhonda Fellner  
Jackie Frazier  
Alan Hermanson, CPA  
J. Randel Hill, Esq.  
Donna Hiller  
Joseph Jaffe  
Kyle McGaw  
Marissa Mahoney  
Virginia Moher, Esq., CPA  
Julie Prien  
Marisa Rios  
Anthony Sanchez  
April Serrano  
Andrea Smith  
William Treacy  
Daniel Weaver

- I. Mr. Baker, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.
- II. Ms. Fletcher moved to approve the January 14, 2016 Board meeting minutes as presented. Ms. Hugly seconded the motion and it passed unanimously.

At this time, Mr. Baker presented the following staff employees with service award plaques:

1. Jackie Frazier – 15-year service award
2. Rhonda Fellner – 5-year service award

- III. Mr. Baker, Executive Committee Chair, reported on the March 23, 2016 committee meeting.

### **Members Present**

J. Coalter Baker, CPA  
Rocky L. Duckworth, CPA  
Donna J. Hugly, CPA  
William Lawrence  
Robert M. McAdams, CPA  
Steve D. Peña, CPA

### **Others Present**

Dennis Fernelius, CPA  
Timothy L. LaFrey, Esq., CPA  
Robert Owen, CPA

### **Staff Present**

Alan Hermanson, CPA  
J. Randel Hill, Esq.  
Donna Hiller  
William Treacy  
Daniel Weaver

- A. Mr. McAdams moved to approve the Board's financial statements as presented. Mr. S. Peña seconded the motion and it passed unanimously.
- B. Mr. S. Peña moved to approve the Board's Affirmative Action Report – CY 2015 as presented. Mr. Lawrence seconded the motion and it passed unanimously.
- C. The following was reported:
  1. Mr. Baker reviewed the following NASBA dates of interest
    - a. 34<sup>th</sup> Annual Conference for Executive Directors and Board Staff – March 15–17, 2016 in Tucson, AZ. Mr. Treacy reported on the Executive Directors and Board Staff Conference.
    - b. 21<sup>st</sup> Annual Conference for Board of Accountancy Legal Counsel – March 15–17, 2016 in Tucson, AZ.
    - c. Western Regional Meeting – June 22–24, 2016 in Denver, CO.
    - d. 109<sup>th</sup> Annual Meeting – October 30–November 2, 2016 in Austin, TX
  2. Ms. Hugly moved to nominate Janice L. Gray, CPA, of Oklahoma as NASBA's Vice-Chair. Mr. McAdams seconded the motion and it passed.
- D. Mr. Baker reviewed thank you letters from the public to the Board acknowledging the following staff members:
  1. Bryce Beasley
  2. Kyle McGaw
  3. Anthony Sanchez
  4. Andrea Smith
- E. Mr. McAdams moved to approve the following professional service contract amendment as presented. Mr. Duckworth seconded the motion and it passed unanimously.

**FY 2016:**

**Independent consultant contract (SOAH litigation):**

- Mary Alice Boehm-McKaughan 9/1/15 – 8/31/16 \$75,000  
(Increase contract by \$75,000 from \$76,500 to \$151,500)

- IV. Ms. Hugly, Rules Committee Chair and Mr. S. Peña, Peer Review Committee Chair reported on the joint Rules and Peer Review Committee meeting held March 23, 2016.

**Members Present**

J. Coalter Baker, CPA  
*ex officio*  
Jonathan B. Cluck, Esq.  
Jerry Cross, CPA  
Rocky L. Duckworth, CPA  
Dan Hanke, CPA  
Donna J. Hugly, CPA  
Timothy L. LaFrey, Esq.,  
CPA  
Robert M. McAdams, CPA  
Steve D. Peña, CPA

**Others Present**

Dennis Fernelius, CPA  
William Lawrence  
Robert Owen, CPA

**Staff Present**

Karen Davis  
Tiffney Duncan  
Alan Hermanson, CPA  
J. Randel Hill, Esq.  
Donna Hiller  
Virginia Moher, Esq., CPA  
Marisa Rios  
April Serrano  
William Treacy  
Daniel Weaver

- A. Ms. Hugly reported that the committee began Rule Review, as required by *Section 2001.039* of the Texas Government Code, with its review of *Chapters 502 (Peer Assistance)* and *527 (Peer Review)*.
- B. Mr. S. Peña moved to authorize the executive director to publish the proposed rule revisions to *Chapter 527 (Peer Review)* in the *Texas Register* for public comment. **(ATTACHMENT 2)**

- C. Mr. S. Peña moved to authorize the executive director to publish in the *Texas Register* the re-adoption of *Chapter 502 (Peer Assistance)* pursuant to the requirement of *Section 2001.039* of the *Texas Government Code*. **(ATTACHMENT 3)**
- D. Ms. Hugly reported that the committee had discussed the proposed AICPA's Accounting and Review Services Committee's Exposure Draft - Statement on Standards for Accounting and Review Services No. 21.
- E. Ms. Hugly reported that the next committee meeting was scheduled for May 11, 2016 at 1:30 p.m.
- V. Ms. Hugly, Continuing Professional Education Committee Chair, reported on the February 17, 2016 committee meeting.

**Members Present**

John R. Broadbuss, CPA  
Charles Holder, CPA  
Donna Hugly, CPA  
Ross Johnson, CPA  
William Moss, CPA  
Phillip Worley

**Others Present**

Kim Newlin

**Staff Present**

Roel Cantu  
Karen Davis  
J. Randel Hill, Esq.  
April Serrano  
William Treacy  
Daniel Weaver

- A. Ms. Hugly moved to authorize the Board's Presiding Officer and Executive Director to co-sign a response letter to the AICPA's Exposure Draft – Statements on Standards for Continuing Professional Education (CPE) Programs. Mr. McAdams seconded the motion and it passed unanimously.
- B. Ms. Hugly reported that the committee had discussed possible action in regards to CPE compliance monitoring related to Board *Rule 523.111(c) (Required CPE Reporting)* and the committee decided that an ongoing monitoring process should be developed with a random sample of 1% over a three-year period.
- C. Ms. Hugly informed the Board that the committee considered a request to overturn an exemption request previously denied and decided to uphold the denial.
- D. Ms. Hugly moved to tentatively approve the following ethics course and contracts pending completion of required modifications. Mr. Broadbuss seconded the motion and it passed unanimously.
  - 1. William Nantz, CPA, "Accounting Ethics: Ethical Principles & Values for Texas CPAs"
  - 2. Michael Latimer, CPA, "Ethics Training for Texas CPAs"
- E. Ms. Hugly reported that the committee had discussed and reviewed "Ethics for Accountants" by Mr. Jesus Amezcua, CPA and determined that the course required significant updates and revisions. Therefore, the committee suspended his contract until such time that corrections could be made and brought back to the committee for review.
- F. Ms. Hugly reported that the committee deleted Section 5 of the CPE Sponsor Agreement related to Dispute Resolutions.
- G. No action was taken on the review of *Chapter 523 (Continuing Professional Education)*.
- VI. Mr. S. Peña, Peer Review Committee Chair, reported on the February 9, 2016 committee meeting.

**Members Present**

John Anderson, CPA  
J. Coalter Baker, CPA  
ex officio  
Jerry Cross, CPA  
Rocky Duckworth, CPA  
Benjamin Peña, CFE, CPA  
David W. Rook, CPA

**Others Present**

J. Mason Andres, CPA

**Members Absent**

Dan Hanke, CPA  
Larry Henderson, CPA  
Robert M. McAdams, CPA  
Steve D. Peña, CPA  
James D. Ingram, IV, CPA

**Staff Present**

Karen Davis  
Tiffney Duncan  
J. Randel Hill, Esq.  
Virginia Moher, Esq., CPA  
William Treacy  
Daniel Weaver

- A. Mr. S. Peña reported that the committee had staff present a brief overview of the current peer review process.
  - B. Mr. S. Peña moved to accept the 2015 Annual Report from Peer Review Oversight Board. Mr. B. Peña seconded the motion and it passed unanimously.
  - C. Mr. S. Peña reported no action was taken on Board *Rule 527.5 (Successive Deficient Reviews)*.
  - D. Mr. S. Peña moved to approve to issue a letter of comment for a single Fail Peer Review. Mr. McAdams seconded the motion and it passed unanimously.
  - E. The committee reviewed *Chapter 527 (Peer Review)* in compliance with the agency's requirement for rule review every four years.
  - F. Mr. S. Peña reported that the committee briefly discussed proposed changes to the *AICPA Standards of Performing and Reporting on Peer Reviews- Improving Transparency and Effectiveness of Peer Reviews* and no action was taken.
- VII. Mr. Broaddus, Behavioral Enforcement Committee Chair, reported on the February 24, 2016 committee meeting.

**Members Present**

John R. Broaddus, CPA  
Jonathan B. Cluck, Esq.  
Donald W. Harcum, CPA  
Donna J. Hugly, CPA

James D. Ingram, IV, CPA  
Karen Jones, CPA  
Timothy L. LaFrey, Esq., CPA  
Ben Peña, CFE, CPA

**Staff Present**

Paulette P. Beiter, Esq.  
J. Randel Hill, Esq.

- A. Ms. Fletcher moved to dismiss the following investigations based on insufficient evidence of a violation of the *Rules* or *Act*. Mr. Worley seconded the motion and it passed.
  - 1. **Investigation Nos. 15-12-01L<sup>1</sup> and 15-12-02L<sup>1</sup>**
  - 2. **Investigation Nos. 16-01-01L<sup>1</sup>, 16-01-02L<sup>1</sup>, and 16-01-03L<sup>1</sup>**
  - 3. **Investigation Nos. 15-12-20L<sup>1</sup>, 15-12-21L<sup>1</sup>, and 15-12-22L<sup>1</sup>**
  - 4. **Investigation Nos. 15-12-06L<sup>1</sup> and 15-12-07L<sup>1</sup>**
  - 5. **Investigation No. 16-02-03L<sup>1</sup>**
  - 6. **Investigation Nos. 15-12-03L<sup>1</sup> and 15-12-05L<sup>1</sup>**
  - 7. **Investigation Nos. 16-01-09L<sup>1</sup> and 16-01-10L<sup>1</sup>**

Mr. S. Peña moved to dismiss **Investigation Nos. 15-11-03L<sup>1</sup> and 15-11-04L<sup>1</sup>** based on insufficient evidence of a violation of the *Rules* or *Act*. Ms. Fletcher seconded the motion and it passed. Mr. Johnson recused himself from voting on this item.

- B. Other – The committee considered five other investigations, which require no Board action at this time.
- C. The next committee meeting was scheduled for April 27, 2016.

- VIII. Mr. Duckworth, Technical Standards Review Committee Chair, reported on the February 9, 2016 committee meeting.

**Members Present**

Rocky L. Duckworth, CPA  
Ross T. Johnson, CPA  
David King, CPA  
Michael McConnell, CPA  
David Rook, CPA  
Kimberly Wilkerson, Esq.

**Member Absent**

Steve D. Peña, CPA

**Staff Present**

J. Randel Hill, Esq.  
Virginia Moher, Esq., CPA

- A. Other – The committee considered eight other investigations, which require no Board action at this time.
- B. The next committee meeting was scheduled for April 26, 2016.

- IX. Ms. Moher, Staff Attorney, reported on the status of the Enforcement Division's probation monitoring docket.
- X. Mr. Hill, General Counsel, reported on the status of investigations into alleged violations of *Subchapter J* of the *Public Accountancy Act*, regarding the unauthorized practice of public accountancy.
- XI. The Board took the following actions on Agreed Consent Orders, Proposals for Decisions, and a Proposed Default Judgment Board Order:

**A. Agreed Consent Orders**

**Behavioral Enforcement Committee**

Mr. Lawrence moved to approve the following Agreed Consent Orders (ACOs) as presented. Ms. Fletcher seconded the motion and it passed.

- |   |  |   |
|---|--|---|
| 1.  | <b>Investigation Nos.:</b> 15-09-09L & 15-09-10L<br><b>Respondents:</b> Raymond Harold Best & Raymond H. Best (Firm)<br><b>Rule Violation:</b> 501.74(b)<br><b>Act Violation:</b> 901.502(6)           | <b>Hometown:</b> Arlington, TX<br><b>Certificate No.:</b> 053954<br><b>Firm License No.:</b> T07689 |
| <p>Respondent entered into an ACO with the Board whereby Respondent and Respondent Firm were reprimanded. In addition, Respondents must pay \$95.28 in administrative costs within 30 days of the date of the Board Order. Respondent failed to file a client's tax return.<sup>2</sup></p>   |  |   |
| 2.  | <b>Investigation Nos.:</b> 15-09-11L & 15-09-12L<br><b>Respondents:</b> H. Morris Gregory & Sykes, Gregory & Company, P.C. (Firm)<br><b>Rule Violation:</b> 501.74<br><b>Act Violation:</b> 901.502(6) | <b>Hometown:</b> Dallas, TX<br><b>Certificate No.:</b> 008193<br><b>Firm License No.:</b> C03381    |
| <p>Respondent entered into an ACO with the Board whereby Respondent and Respondent Firm were reprimanded. In addition, Respondent must complete eight hours of continuing professional education (CPE) in the area of fiduciary or trust income tax. This requirement is in addition to Respondent's annual CPE requirement. Respondent must also reimburse the Complainant \$1,325 within 30 days of the date of the Board Order and pay \$107.20 in administrative costs within 30 days of the date of the Board Order. Respondent made an error on a trust tax return.<sup>2</sup></p> |  |   |
| 3.  | <b>Investigation Nos.:</b> 15-08-03L & 15-08-04L<br><b>Respondents:</b> Joe David Heredia & Joe David Heredia (Firm)<br><b>Rule Violations:</b> 501.74(b), 501.76<br><b>Act Violation:</b> 901.502(6)  | <b>Hometown:</b> Bonham, TX<br><b>Certificate No.:</b> 045586<br><b>Firm License No.:</b> S06995    |
| <p>Respondents entered into an ACO with the Board whereby Respondent and Respondent Firm were reprimanded. In addition, Respondents must pay \$416.88 in administrative costs within 30 days of the date of the Board Order. Respondents failed to complete a client's tax returns in a timely manner and failed to return a client's records upon request.<sup>2</sup></p>   |  |   |

Mr. Broadus moved to approve the following Agreed Consent Orders (ACOs) as presented. Mr. B. Peña seconded the motion and it passed.

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|--|--|---|
| 4.   | <b>Investigation No.:</b> 15-11-05L<br><b>Respondent:</b> Jonathan Leland Moore<br><b>Rule Violation:</b> 501.90(4)<br><b>Act Sections:</b> 901.502(6), 901.502(10), 901.502(11) | <b>Hometown:</b> Waxahachie, TX<br><b>Certificate No.:</b> 084286 |
| <p>Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked in lieu of further disciplinary action. Respondent pleaded guilty to conspiracy to defraud the United States and to commit bank fraud, a felony, and was sentenced to 35 months in prison.</p> |  |   |
| 5.   | <b>Investigation No.:</b> 15-11-14L<br><b>Respondent:</b> Donald Wayne Nederman<br><b>Rule Violation:</b> 501.90(2)<br><b>Act Violations:</b> 901.502(6), 901.502(11)            | <b>Hometown:</b> Irving, TX<br><b>Certificate No.:</b> 081119     |

Respondent entered into an ACO with the Board whereby the Board accepted Respondent's involuntary surrender of his certificate in lieu of further disciplinary proceedings. In addition, Respondent must pay \$35.73 in administrative costs within 30 days of the date of the Board Order. Respondent misappropriated funds from his employer.

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|----|---------------------------|--------------------------------|-------------------------|----------------------|
| 6. | <b>Investigation No.:</b> | <b>15-11-02L</b>               | <b>Hometown:</b>        | <b>Arlington, TX</b> |
|    | <b>Respondent:</b>        | <b>Timothy Lyle Pruden</b>     | <b>Certificate No.:</b> | <b>071687</b>        |
|    | <b>Rule Violations:</b>   | <b>501.90(2), 501.90(10)</b>   |                         |                      |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(11)</b> |                         |                      |

Respondent entered into an ACO with the Board whereby the Board accepted Respondent's involuntary surrender of his certificate in lieu of further disciplinary proceedings. In addition, Respondent must pay \$154.84 in administrative costs within 30 days of the date of the Board Order. Respondent misappropriated funds from his employer and made unauthorized credit card charges on the employer's credit card.

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|----|---------------------------|--------------------------------|-------------------------|---------------------|
| 7. | <b>Investigation No.:</b> | <b>15-03-33L</b>               | <b>Hometown:</b>        | <b>Beaumont, TX</b> |
|    | <b>Respondent:</b>        | <b>Craig James Schexnaider</b> | <b>Certificate No.:</b> | <b>019252</b>       |
|    | <b>Act Violation:</b>     | <b>901.502(2)(B)</b>           |                         |                     |

Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked in lieu of further disciplinary action. Respondent failed to file his personal income tax return. Respondent pleaded guilty to one count of failing to file his federal income tax return and was sentenced to 12 months in prison and one year of supervised release and ordered to pay a \$5,000 fine and his tax liability.

#### **Technical Standards Review Committee**

Mr. Worley moved to approve the following ACOs as presented. Ms. Hugly seconded the motion and it passed.

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|----|----------------------------|--|--------------------------|------------------------|
| 1. | <b>Investigation Nos.:</b> | <b>15-09-07L &amp; 15-09-08L</b>                         | <b>Hometown:</b>         | <b>Bridge City, TX</b> |
|    | <b>Respondents:</b>        | <b>John Peter Dubose &amp;<br/>John P. Dubose (Firm)</b> | <b>Certificate No.:</b>  | <b>018661</b>          |
|    | <b>Rule Violation:</b>     | <b>527.5</b>   | <b>Firm License No.:</b> | <b>S03739</b>          |
|    | <b>Act Violation:</b>      | <b>901.502(12)</b>                                       |                          |                        |

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and subject to a scope limitation from the effective date of the Board Order until an application for removal of the limitation is found acceptable to the TSR Committee and ratified by the Board. Respondent Firm is prohibited from performing audits and reviews and no reports pertaining to compilation services are to be issued by Respondent Firm until they have been reviewed and accepted for release to a client by a pre-approved pre-issuance reviewer. Respondents must also pay administrative costs of \$952.88 within 30 days of the date of the Board Order and Respondent Dubose must complete an eight hour live CPE course in reviews and compilations within 90 days of the effective date of the Board Order. Respondent Firm has received three successive deficient peer reviews as defined under Board *Rule 527.5*.<sup>4</sup>

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|----|----------------------------|--|--------------------------|--------------------|
| 2. | <b>Investigation Nos.:</b> | <b>15-12-18L &amp; 15-10-07L</b>   | <b>Hometown:</b>         | <b>Houston, TX</b> |
|    | <b>Respondents:</b>        | <b>Ronald Eugene Kahanek<br/>&amp; Kahanek, Franke &amp; Asso., L.C.</b> | <b>Certificate No.:</b>  | <b>021897</b>      |
|    | <b>Rule Violation:</b>     | <b>527.5</b>   | <b>Firm License No.:</b> | <b>C04027</b>      |
|    | <b>Act Violation:</b>      | <b>901.502(12)</b>   |                          |                    |

Respondents entered into an ACO with the Board whereby Respondents were Reprimanded, must pay administrative costs of \$952.88 within 30 days of the date of the order, and are subject to a scope limitation described below from the effective date of the Board Order until an application for removal of the limitation is found acceptable to the TSR Committee and ratified by the Board. Respondent Firm is prohibited from performing ERISA Employee Benefit Plan audits and audits that satisfy the Single Audit Act, as amended, and OMB Circular A-133 through fiscal year 2015 and the Uniform Guidance, effective beginning fiscal year 2016. Respondent Firm may perform reviews, compilations, and all other audits not prohibited above so long as they have been reviewed and accepted for release to a client by a pre-approved pre-issuance reviewer. Respondent Firm has received three successive deficient peer reviews as defined under Board *Rule 527.5*.<sup>4</sup>

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|-------------------------------|---|--------------------------|------------------------|
| 3. <b>Investigation Nos.:</b> | <b>14-02-01L &amp; 14-02-02L</b>                          | <b>Hometown:</b>         | <b>Bridge City, TX</b> |
| <b>Respondents:</b>           | <b>Larry Michael Webb &amp; Larry Michael Webb (Firm)</b> | <b>Certificate No.:</b>  | <b>017812</b>          |
| <b>Rule Violation:</b>        | <b>527.5</b>  | <b>Firm License No.:</b> | <b>S08976</b>          |
| <b>Act Violation:</b>         | <b>901.502(12)</b>  |                          |                        |

Respondents entered into an ACO with the Board whereby Respondents were placed on limited scope status as to compilations, audits and reviews from the date the Board ratifies this ACO until Respondents obtain a pass rating on an accelerated peer review or the Board approves Respondents' petition for removal of limited scope status. Respondents must engage a Board-approved accountant to pre-approve all compilations, audits and reviews before issuance by Respondents. Respondent Firm is ordered to obtain an accelerated peer review from the AICPA within six months of signing the ACO. If Respondent Firm passes the accelerated peer review, Respondents will be able to perform compilations and reviews without pre-issuance review; however, the scope of Respondents' practice would remain limited with regard to the pre-issuance review of audits. If Respondents obtain a score of fail, or pass with deficiencies on the accelerated peer review, then Respondents shall pay \$706.55 in administrative costs to the Board within 30 days of the date that Respondents obtain the peer review rating and shall continue to be required to utilize the pre-issuance reviewer to pre-approve all compilations, audits and reviews before issuance by Respondents until the Board approves Respondents' petition for removal of limited scope status. The terms of this ACO apply to any successor firms. Respondent Firm has received three successive deficient peer reviews as defined under Board *Rule 527.5*.<sup>5</sup>

#### B. Mass Hearings

Mr. McAdams moved to approve the following Proposals for Decision as presented. Mr. Broaddus seconded the motion and it passed unanimously.

1. **Respondents:** **In the Matter of Disciplinary Action Against Certain Licensees for Nonpayment of Professional Fees for Three Consecutive License Periods**

The respondents failed to pay their licensing fees for three consecutive license periods. Following the public hearing, an Administrative Law Judge (ALJ) of the State Office of Administrative Hearings recommended that the certificate of each respondent not in compliance be revoked without prejudice. Each respondent may regain his or her certificate by paying all license fees and penalties and by otherwise coming into compliance with the *Act*. (**ATTACHMENT 4**)

Docket	Investigation Numbers	Scheduled Hearing
457-16-0024	15-10-10001 – 15-10-10017	November 17, 2015
457-16-0480	15-11-10001 – 15-11-10028	December 8, 2015

2. **Respondents:** **In the Matter of Disciplinary Action Against Certain License Holders for CPE Delinquencies**

The respondents failed to comply with CPE reporting requirements found in *Chapter 523* of the *Rules* and *Section 901.411* of the *Act*. Following the scheduled public hearing, an Administrative Law Judge (ALJ) of the State Office of Administrative Hearings recommended that the license of each respondent not in compliance be suspended for a period of three years, or until he or she complies with the licensing requirements of the *Act*, whichever is sooner. Additionally, the ALJ recommended a \$100 penalty be imposed for each year a respondent is not in compliance with the Board's CPE requirements. (**ATTACHMENT 5**)

Docket	Investigation Numbers	Scheduled Hearing
457-16-0025	15-10-10018 – 15-10-10188	November 17, 2015
457-16-0481	15-11-10029 – 15-11-10179	December 8, 2015

3. **Respondents:** **In the Matter of Disciplinary Action Against Certain Certificate Holders for Failure to Complete License Notice**

The respondents failed to complete their license renewal notices 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 each respondent not in compliance be revoked without prejudice until such time as the respondent complies with the requirements of the *Rules* and the *Act*. (**ATTACHMENT 6**)

Docket	Investigation Numbers	Scheduled Hearing
457-16-0026	15-08-10193 – 15-08-10203	November 17, 2015
457-16-0482	15-09-10199 – 15-09-10216	December 8, 2015

**C. Proposed Default Judgment Board Order**

Mr. Broaddus moved to approve the following Proposed Default Judgment Board Order as presented. Mr. B. Peña seconded the motion and it passed unanimously.

- |   |                           |                               |                         |                       |
|---|---------------------------|-------------------------------|-------------------------|-----------------------|
| • | <b>Investigation No.:</b> | <b>15-03-35L</b>              | <b>Hometown:</b>        | <b>Cedar Hill, TX</b> |
|   | <b>SOAH Docket No.:</b>   | <b>457-16-0460</b>            | <b>Certificate No.:</b> | <b>064187</b>         |
|   | <b>Respondent:</b>        | <b>Jacqueline R. Morrison</b> |                         |                       |
|   | <b>Rule Violation:</b>    | <b>501.90(5)</b>              |                         |                       |

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On April 8, 2015, staff initiated a complaint against Respondent based upon Respondent's felony conviction of one count of conspiracy to aid and assist in the preparation and presentation of false and fraudulent tax returns, 13 counts of aiding and assisting in the preparation and presentation of false and fraudulent tax returns, and three counts of wire fraud resulting in Respondent being sentenced to 187 months in prison and ordered to pay over \$17 million dollars in restitution. Staff offered Respondent an ACO ordering her certificate be revoked, in lieu of further disciplinary action. Respondent did not respond to the ACO offer. Pleadings were filed with the State Office of Administrative Hearings and after notice of hearing, Respondent failed to appear. The SOAH Administrative Law Judge granted staff's Motion for Default, pursuant to Board *Rule 519.42(d)*, and dismissed the case from the SOAH docket. The Board granted a default Order finding that: 1) Respondent violated Board *Rule 501.90(5)*; and, 2) Respondent's individual certificate be revoked.

XII. Mr. Cluck moved to adopt the following Board Rules. Mr. McAdams seconded the motion and it passed unanimously.

1. *Section 513.10 (Firm License)*
2. *Section 513.11 (Qualifications for Non-CPA Owners of Firm License Holders)*
3. *Section 523.131 (Board Approval of Ethics Course Content)*

XIII. Mr. Baker reviewed the schedule of future Board meetings.

XIV. Mr. Baker adjourned the meeting at 11:12 a.m.

**ATTEST:**

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J. Coalter Baker, CPA, Presiding Officer

<sup>1</sup> Mr. Broaddus, Mr. Cluck, Ms. Hugly, Mr. LaFrey, and Mr. B. Peña recused themselves from participating in this matter.

<sup>2</sup> Mr. Broaddus, Mr. Cluck, Mr. LaFrey, and Mr. B. Peña recused themselves from participating in this matter.

<sup>3</sup> Mr. Baker, Mr. Broaddus, Mr. Cluck, Ms. Hugly, and Mr. B. Peña recused themselves from participating in this matter.

<sup>4</sup> Mr. Duckworth, Mr. Johnson, Mr. S. Peña and Ms. Wilkerson recused themselves from participating in this matter.

<sup>5</sup> Mr. Duckworth and Mr. S. Peña recused themselves from participating in this matter.