

Texas State Board of Public Accountancy

January 16, 2020

The Texas State Board of Public Accountancy met from 10:00 a.m. until 11:24 a.m. on January 16, 2020 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 3:41 p.m. on December 30, 2019. (TRD #2019-007503).
(ATTACHMENT 1)

Board Members Present

Kelly V. Aimone, Esq.
Manuel Cavazos IV, Esq., CPA
Presiding Officer
Lisa A. Friel, CPA
Executive Committee
Member-at-Large
Jamie D. Grant
James D. Ingram IV, CPA
Timothy L. LaFrey, Esq., CPA
Secretary
Roselyn E. Morris, Ph.D., CPA
Assistant Presiding Officer
Benjamin Peña, CPA
Treasurer
Debra D. Seefeld, CPA
Debra S. Sharp
Joyce A. Yannuzzi

Members Absent

Ross T. Johnson, CPA
Executive Committee
Member-at-Large
Excused
Kevin J. Koch, CPA
Excused
Kimberly E. Wilkerson, Esq.
Executive Committee
Member-at-Large
Excused

Others Present

Rick Anderson, Esq.
Jeff Price
Jodi Ann Ray
Doug Wilkins, CPA

Staff Present

Paulette Beiter, Esq.
Roel Cantu
Ismael Castillo
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
John Moore, Esq.
Julie Prien
Marisa Rios
April Serrano
William Treacy
Daniel Weaver

- I. Mr. Cavazos, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.

Ms. Friel moved to excuse the absences of Mr. Johnson, Mr. Koch and Ms. Wilkerson from the Board meeting. Mr. Grant seconded the motion and it passed unanimously.

At this time, the following new Board member was introduced:

- Kelly V. Aimone, Esq. of Houston

- II. Dr. Morris moved to approve the November 14, 2019 Board meeting minutes as presented. Mr. Ingram seconded the motion and it passed unanimously.
- III. After a call for public comments, there were no comments from the public.
- IV. Mr. Cavazos, Executive Committee Chair, reported on the January 15, 2020 committee meeting.

Members Present

Manuel Cavazos IV, Esq., CPA
Lisa A. Friel, CPA
Timothy L. LaFrey, Esq., CPA
Roselyn E. Morris, Ph.D., CPA
Benjamin Peña, CPA
Kimberly E. Wilkerson, Esq.

Member Absent

Ross T. Johnson, CPA

Others Present

Kelly V. Aimone, Esq.
Jodi Ann Ray

Staff Present

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

- A. Ms. Friel moved to approve the Board's financial statements as presented. Ms. Sharp seconded the motion and it passed unanimously.
- B. Mr. Peña reported on the Board's revenue, expenditures, licensee and exam candidate annualized growth rates.
- C. Mr. Treacy discussed the status of the office relocation.
- D. Mr. Peña moved to approve the Board's Affirmative Action Report – CY 2019 as presented. Ms. Friel seconded the motion and it passed unanimously.

E. Mr. Treacy reported on NASBA/AICPA matters:

- NASBA dates of interest:
 1. 38th Annual Executive Directors Conference – March 16-18, 2020
 2. 25th Annual Conference for Board of Accountancy Legal Counsel – March 16-18, 2020
 3. Western Regional Meeting – June 2-4, 2020
 4. 113th Annual Meeting – November 1-4, 2020

F. Mr. Cavazos reviewed correspondence from the public.

V. Mr. LaFrey, Rules Committee Chair, reported that no committee meeting was held.

VI. Mr. Grant, Licensing Committee Chair, reported on the Board's swearing-in ceremony held December 14, 2019. Mr. Weaver, Director of Licensing, reported on the status of the fingerprinting process and on the Unauthorized Practice of Public Accountancy.

VII. Mr. Peña, Behavioral Enforcement Committee Chair, reported on the following committee meeting:

December 16, 2019

Members Present

Charles B. Allison, CPA
Patrick L. Durio, CPA
James D. Ingram IV, CPA
Karen W. Jones, CPA
John Pearce, Esq., CPA
Benjamin Peña, CFE, CPA
Debra S. Sharp

Member Absent

Kevin J. Koch, CPA

Staff Present

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

A. Dr. Morris moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Friel seconded the motion and it passed. The BEC members did not participate in the vote.

1. Investigation Nos. 19-08-09L¹ and 19-08-10L¹
2. Investigation Nos. 19-10-01L¹ and 19-10-02L¹
3. Investigation No. 19-07-01L¹
4. Investigation Nos. 19-09-11L¹ and 19-09-12L¹
5. Investigation Nos. 19-09-09L¹ and 19-09-10L¹
6. Investigation Nos. 19-05-04L¹ and 19-05-05L¹
7. Investigation Nos. 19-08-01L¹ and 19-08-02L¹
8. Investigation Nos. 19-09-01L¹ and 19-09-02L¹
9. Investigation Nos. 19-02-12L¹ and 19-02-13L¹
10. Investigation No. 19-09-08L¹

B. Other – The committee considered five other matters during its meeting; however, these matters do not require Board action at this time.

C. The next committee meeting was scheduled for February 12, 2020 at 9:15 a.m.

VIII. Ms. Friel, Technical Standards Review Committee member, in the absence of Mr. Johnson, reported on the following committee meeting:

November 14, 2019

Members Present

Lisa A. Friel, CPA
Pete M. Gonzales, CPA
Ross Johnson, CPA
Debra Seefeld, CPA
Dilliana Stewart, CPA
Juliet Williams, CPA

Members Absent

Jeffrey L. Johanns, CPA
Robert M. McAdams, CPA

Staff Present

J. Randel Hill, Esq.
John Moore, Esq.

- A. Mr. Peña moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Dr. Morris seconded the motion and it passed. The TSR members did not participate in the vote.
1. Investigation No. 19-01-13T²
 2. Investigation No. 19-03-05T²
 3. Investigation Nos. 19-04-03T², 19-04-04T², and 19-04-05T²
 4. Investigation No. 18-11-08L²
- B. Mr. Peña moved to deny the request for waiver of provisions from the following. Ms. Sharp seconded the motion and it passed. The TSR members did not participate in the vote.
1. Investigation No. 19-07-09A²
 2. Investigation No. 19-09-06A²
- C. Dr. Morris moved to lift the limitation of scope from **Investigation Nos. 18-10-02L²** and **18-10-03L²**. Mr. Peña seconded the motion and it passed. The TSR members did not participate in the vote.
- D. Other – The committee considered seven other matters during its meeting; these matters do not require Board action at this time.
- E. The next committee meeting was scheduled for January 16, 2020 at 11:30 a.m.
- IX. Mr. Hill, General Counsel, reported on the status of the Enforcement Division's probation monitoring program.
- X. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **Agreed Consent Orders:**

Technical Standards Review Committee

Mr. Ingram moved to approve the following ACOs as presented. Mr. Peña seconded the motion and it passed.

- | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------|
| 1. | Investigation No.:
Respondent:
Rule Violation:
Act Violations: | 19-04-18L
Mark J. Trappio
501.81
901.401, 901.460, 901.502(6), 901.502(11) | Hometown:
Certificate No.: | Katy, TX
046074 |
| <hr/> | | | | |
| Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$2,500 in administrative penalties and \$142.03 in administrative costs within 120 days of the Board Order. Respondent issued compiled financial statements for a transportation company which were filed with the Texas Department of Transportation without a firm license. ³ | | | | |
| 2. | Investigation No.:
Respondent:
Rule Violation:
Act Violations: | 19-09-15L
Alan M. Osenbaugh
501.81
901.401, 901.460, 901.502(6), 901.502(11) | Hometown:
Certificate No.: | Argyle, TX
055765 |
| <hr/> | | | | |
| Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$14,000 in administrative penalties and \$333.33 in administrative costs within 30 days of the Board Order. Respondent issued compiled financial statements for 14 companies without a firm license. ³ | | | | |
| 3. | Investigation No.:
Respondent:
Rule Violation:
Act Violations: | 19-07-11L
Mary Ann Button
501.81
901.401, 901.502(6), 901.502(11) | Hometown:
Certificate No.: | Red Oak, TX
114023 |
| <hr/> | | | | |
| Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$1,000 in administrative penalties and \$1,016.76 in administrative costs within 30 days of the Board Order. Respondent issued audited financial statements for a career school which were filed with the Texas Workforce Commission Career Schools Division without a firm license. ⁴ | | | | |

4. **Investigation Nos.:** 19-07-06L and 19-07-07L **Hometown:** Big Spring, TX
Respondents: Jonathan Heath Hughes **Certificate No.:** 070146
& Heath Hughes CPA **Firm License No.:** T06334
Rule Violation: 527.4
Act Violations: 901.159, 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondent's certificate and licenses were revoked, however, the revocation was stayed for a period of five years and Respondents were placed on probation. Respondents are ordered to pay \$50,000 in administrative penalties and \$1,138.78 in administrative costs within 30 days of the Board Order. Respondents issued audits, compilations and reviews without the Respondent Firm being enrolled in the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants Peer Review Program since the Respondent Firm was licensed by the Board in 2001.⁴

5. **Investigation Nos.:** 19-08-12L and 19-08-13L **Hometown:** Sugar Land, TX
Respondents: Thomas Michael O'Neal **Certificate No.:** 018559
& Thayer O'Neal, LLC **Firm License No.:** C09097
Rule Violations: 501.60, 501.90(7)
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and ordered to pay \$5,000 in administrative penalties and \$1,138.78 in administrative costs within 30 days of the Board Order. Respondent O'Neal is prohibited from associating with a public accounting firm registered with the PCAOB for a period of two years. On August 19, 2019, an Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions was issued by the PCAOB in PCAOB Release No. 105-2019-021; styled *In the Matter of Thayer O'Neal Company, LLC and Thomas Michael O'Neal, CPA*. Respondent O'Neal was censured, was barred from being an associated person of a registered public accounting firm, but Respondent O'Neal is allowed, after two years, to petition the PCAOB for consent to associate with a registered public accounting firm and Respondent O'Neal is required to complete 40 hours of professional education directly related to audits of issuer and broker dealer financial statements under PCAOB standards. Respondent Firm was censured and ordered to pay a civil monetary penalty in the amount of \$15,000. The PCAOB found that Respondents had violated PCAOB and PCAOB Auditing Standards.⁴

6. **Investigation Nos.:** 18-10-07L and 18-10-08L **Hometown:** San Antonio, TX
Respondents: Wesley Frederic Crowley **Certificate No.:** 027387
& Wesley F. Crowley **Firm License No.:** T04460
Rule Violations: 501.93, 527.4
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents' certificate and licenses were revoked. Respondents are ordered to pay \$1,000 in administrative penalties and \$240.82 in administrative costs within 30 days of the Board Order. Respondent Firm was dropped from the AICPA peer review program and Respondent Crowley failed to respond to Board communications.⁴

7. **Investigation Nos.:** 19-10-08L, 19-10-09L **Hometown:** Tyler, TX
& 19-10-10L **Certificate No.:** 054334
Respondents: Jay Brian Ledford, **Firm License Nos.:** C08739
Jay B. Ledford, P.C. & C04489
& Ledford & Associates, PLLC
Rule Violations: 501.90(4), 501.90(5)
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents' certificates and licenses were revoked. Respondent Ledford pled guilty to the charges of conspiracy to commit wire fraud, aggravated identity theft and a money laundering transaction in excess of \$10,000 on June 6, 2019 in the U.S. District Court of Maryland. On October 29, 2019, Respondent Ledford was sentenced in the U.S. District Court of Maryland to serve 14 years in federal prison and ordered to pay \$189,000,000 in restitution.

B. Administrative Disciplinary Actions:

Mr. Peña moved to approve the following Disciplinary Actions as presented. Dr. Morris 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. Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the certificate of each Respondent still not in compliance be revoked without prejudice. Each Respondent may regain his or her certificate by paying all license fees and late fees and by otherwise coming into compliance with the *Act*. Respondents violated *Act Section 901.502(4)* (*failure to pay license fees for three consecutive years*). **(ATTACHMENT 2)**

Investigation Numbers

19-08-10001 – 19-08-10172
19-09-10001 – 19-09-10058

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 *Act Section 901.411* (*Continuing Professional Education*). The Respondents, although having been notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the license of each Respondent still 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, staff recommends a \$100 penalty be imposed for each year a Respondent is not in compliance with the Board's CPE requirements. Respondents violated Board *Rules 501.94* (*Mandatory CPE*) and *523.111* (*Required CPE Reporting*), and *Act Section 901.411*. **(ATTACHMENT 3)**

Investigation Numbers

19-08-10173 – 19-08-10219
19-09-10059 – 19-09-10231

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 Board *Rule 515.3* (*License Renewals for Individuals and Firm Offices*). Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends 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*. Respondents violated *Act Section 901.502(12)* (*Violations of Board Rules*). **(ATTACHMENT 4)**

Investigation Numbers

19-08-10220 – 19-08-10240
19-09-10232 – 19-09-10254

XI. Mr. Peña moved to adopt the following Board *Rules* as presented on second reading. Mr. Grant seconded the motion and it passed unanimously.

1. *Section 501.91* (*Reportable Events*) **(ATTACHMENT 5)**
2. *Section 512.1* (*Certification as a Certified Public Accountant by Reciprocity*) **(ATTACHMENT 6)**
3. *Section 513.11* (*Qualifications for Non-CPA Owners of Firm License Holders*) **(ATTACHMENT 7)**
4. *Section 513.16* (*Death or Incapacitation of Firm Owner*) **(ATTACHMENT 8)**
5. *Section 515.8* (*Retired or Disability Status*) **(ATTACHMENT 9)**
6. *Section 519.2* (*Definitions*) **(ATTACHMENT 10)**
7. *Section 525.1* (*Applications for the UCPAE, Issuance of the CPA Certificate, or Initial License*) **(ATTACHMENT 11)**
8. *Section 525.2* (*Renewal of a License for Licensees with Criminal Backgrounds*) **(ATTACHMENT 12)**
9. *Section 525.3* (*Criminal Background Checks*) **(ATTACHMENT 13)**

XII. Mr. Cavazos reviewed the schedule of future Board meetings.

XIII. Mr. Cavazos adjourned the meeting at 11:24 a.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

Timothy L. LaFrey, Esq., CPA, Secretary

¹Mr. Ingram, Mr. Peña and Ms. Sharp recused themselves from participating in this matter.

²Ms. Friel, Mr. Grant and Ms. Seefeld recused themselves from participating in this matter.

³Mr. Johnson, Ms. Friel and Mr. Grant recused themselves from participating in this matter.

⁴Ms. Friel and Ms. Seefeld recused themselves from participating in this matter.