

Texas State Board of Public Accountancy

March 12, 2020

The Texas State Board of Public Accountancy met from 10:00 a.m. until 12:15 p.m. on March 12, 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 11:09 a.m. on February 27, 2020. (TRD #2020-001291).
(ATTACHMENT 1)

Board Members Present

Kelly V. Aimone, Esq.
Manuel Cavazos IV, Esq., CPA
Presiding Officer
Jamie D. Grant
James D. Ingram IV, CPA
Ross T. Johnson, CPA
Executive Committee
Member-at-Large
Kevin J. Koch, CPA
Timothy L. LaFrey, Esq., CPA
Secretary
Roselyn E. Morris, Ph.D., CPA
Assistant Presiding Officer
Debra D. Seefeld, CPA
Debra S. Sharp
Joyce A. Yannuzzi

Members Absent

Benjamin Peña, CPA
Treasurer
Excused
Lisa A. Friel, CPA
Executive Committee
Member-at-Large
Excused
Kimberly E. Wilkerson, Esq.
Executive Committee
Member-at-Large
Excused

Others Present

J. Coalter Baker, CPA
A. Carlos Barrera, CPA
Robert Goldstein, CPA
Thomas G. Prothro, CPA

Staff Present

Paulette Beiter, Esq.
Roel Cantu
Ismael Castillo
Ann Hallam, PMP
Marissa Mahoney
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.

Dr. Morris moved to excuse the absences of Lisa A. Friel, Benjamin Peña, and Kimberly Wilkerson. Mr. Johnson seconded the motion and it passed unanimously.

- II. Mr. Ingram moved to approve the January 16, 2020 Board meeting minutes as presented. Ms. Sharp 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 March 11, 2020 committee meeting.

Members Present

Manuel Cavazos IV, Esq., CPA
Lisa A. Friel, CPA
Ross T. Johnson, CPA
Timothy L. LaFrey, Esq., CPA
Roselyn E. Morris, Ph.D., CPA

Members Absent

Benjamin Peña, CPA
Kimberly E. Wilkerson, Esq.

Others Present

Robert Goldstein, CPA

Staff Present

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

- A. Dr. Morris moved to approve the Board's financial statements as presented. Mr. Grant seconded the motion and it passed unanimously.

- B. Mr. Hermanson, Director of Administrative Services and CFO, discussed the Board's Budget Plan for FY 2021.

- C. Mr. Treacy discussed the status of the office relocation.

- D. Dr. Morris moved to approve the Contracting Improvement Process as presented. Mr. Koch seconded the motion and it passed unanimously.

- E. Dr. Morris moved to approve the FY 2020 professional service contract amendment as presented. Mr. Koch seconded the motion and it passed unanimously.

FY 2020 contract amendment

Technical Standards Review Committee consultant:

- Harper Pearson, Co. 12/1/19 – 8/31/20 \$37,500
(Increase by \$37,500 from \$50,000 to \$87,500)

F. Mr. Cavazos reviewed correspondence from the public.

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

1. NASBA dates of interest:
 - a. 38th Executive Directors Conference – March 16-18, 2020
 - b. 25th Annual Conference for Board of Accountancy Legal Counsel – March 16-18, 2020
 - c. Western Regional Meeting – June 2-4, 2020
 - d. 113th Annual Meeting – November 1-4, 2020
2. CPA Evolution – Considering the Core Plus Model
3. Guest speakers from NASBA:
 - a. J. Coalter Baker, CPA – NASBA Director-at-Large
 - b. A. Carlos Barrera, CPA – NASBA Chair-elect
 - c. Thomas G. Prothro, CPA – NASBA Administration and Finance Committee

V. Mr. LaFrey, Rules Committee Chair, reported on the March 11, 2020 committee meeting:

Members Present

Manuel Cavazos IV, Esq. CPA
Lisa Friel, CPA
Ross Johnson, CPA
Timothy L. LaFrey, Esq., CPA
Roselyn Morris, PhD, CPA

Members Absent

Benjamin Peña, CPA
Kimberly Wilkerson, Esq.

Others Present

Robert Goldstein, CPA
Gary McIntosh, CPA

Staff Present

Paulette Beiter, Esq.
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
Marisa Rios
William Treacy
Daniel Weaver

- A. Mr. LaFrey moved to adopt on an emergency basis an amendment to *Rule 511.57 (Qualified Accounting Courses)*. Ms. Aimone seconded the motion and it passed unanimously. The basis of the emergency rulemaking was due to the COVID-19 threat. **(ATTACHMENT 2)**
- B. Mr. LaFrey moved to authorize the executive director to have the proposed *Chapter 501 (Rules of Professional Conduct)* amendments published in the *Texas Register* for public comment. Dr. Morris seconded the motion and it passed unanimously. **(ATTACHMENT 3)**
- C. Mr. LaFrey reported that the next committee meeting was scheduled for May 13, 2020 at 1:30 p.m.

VI. Dr. Morris, Qualifications Committee Chair, reported on the March 11, 2020 committee meeting:

Members Present

Kelly Aimone, Esq.
Manuel Cavazos IV, Esq., CPA
Renee Foshee, CPA
Jennifer Johnson, CPA
J. Kamas, CPA
Kevin Koch, CPA
Roselyn Morris, PhD, CPA
Melanie Thompson, CPA

Others Present

Ashley Morgan, Esq.

Staff Present

Gilbert Gutierrez
J. Randel Hill, Esq.
Donna Hiller
William Treacy

- A. Dr. Morris reported that the committee discussed and reviewed the Fifth-Year Accounting Student Scholarship program along with the process of awarding funds to participating Texas educational institutions.
- B. Dr. Morris informed the Board that the committee reviewed statistical data related to the Application of Intent that were deposited and approved in FY 19/20.
- C. Dr. Morris stated that the committee reviewed *Rule 511.57 (Qualified Accounting Courses)* and forwarded its proposed amendments to the Rules Committee for emergency adoption as a result of the threat of COVID-19.
- D. Dr. Morris reported that the committee reviewed *Chapter 511 (Educational Requirements)* and forwarded its recommended amendments to the Rules Committee pursuant to *Section 2001.039* of the *Texas Government Code* related to the Rule Review process.
- E. Dr. Morris reported that the committee reviewed and discussed the AICPA's exposure draft of the recent practice analysis of the Uniform CPA Examination. The members of the committee were asked to submit their comments to the staff and committee chair by March 23, 2020. Dr. Morris moved to submit the committee's response to the AICPA, on behalf of the Board, by April 30, 2020. Ms. Sharp seconded the motion and it passed unanimously.
- F. Dr. Morris reported that the committee discussed the NASBA article on the CPA Evolution; however, additional information is needed along with a projected timeline for the implementation of the CPA Evolution.
- G. Dr. Morris informed the Board that the committee reviewed and considered data on the success rate of the CPA exams taken in FY 2019.
- VII. Mr. Weaver, Director of Licensing, reported on the status of the fingerprinting process and on the Unauthorized Practice of Public Accountancy.
- VIII. Mr. Ingram, Behavioral Enforcement Committee member, reported on the following committee meeting:

February 12, 2020

Members Present

Charles B. Allison, CPA
James D. Ingram IV, CPA
Kevin Koch, CPA
John Pearce, Esq., CPA
Benjamin Peña, CPA
Debra S. Sharp

Members Absent

Patrick Durio, CPA
Karen Jones, 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*. Mr. LaFrey seconded the motion and it passed. The BEC members did not participate in the vote.
 - 1. Investigation Nos. 19-10-03L¹ and 19-10-04L¹
 - 2. Investigation Nos. 19-12-02L¹ and 19-12-03L¹
 - 3. Investigation No. 19-12-01L¹
- B. Other – The committee considered 11 other matters during its meeting; however, these matters do not require Board action at this time.
- C. The next committee meeting was scheduled for April 22, 2020 at 9:15 a.m.
- IX. Ms. Seefeld, Technical Standards Review Committee member, reported on the following committee meeting:

January 16, 2020

Members Present

Lisa A. Friel, CPA
Pete M. Gonzales, CPA
Jeffrey L. Johanns, CPA
Robert M. McAdams, CPA
Debra Seefeld, CPA
Dilliana Stewart, CPA
Juliet Williams, CPA

Member Absent

Ross Johnson, CPA

Staff Present

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

- A. Mr. Ingram moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Mr. Koch seconded the motion and it passed. The TSR members did not participate in the vote.
1. Investigation Nos. 19-05-09T², 19-05-10T² and 19-05-11T²
 2. Investigation Nos. 19-08-06T² and 19-08-07T²
- B. Mr. Koch moved to deny the request for waiver of provisions from the following. Mr. LaFrey seconded the motion and it passed. The TSR members did not participate in the vote.
- Investigation No. 19-12-01A
- C. Other – The committee considered five other matters during its meeting; these matters do not require Board action at this time.
- D. The next committee meeting was scheduled for May 14, 2020 at 11:30 a.m.
- X. Mr. Hill, General Counsel, reported on the status of the Enforcement Division's probation monitoring program.
- XI. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **Agreed Consent Orders:**

Behavioral Enforcement Committee

Dr. Morris moved to approve the following ACOs as presented. Mr. Grant seconded the motion and it passed.

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| 1. | Investigation No.: 19-09-07L
Respondent: Jayesh Dindayal Patel
Rule Violation: 501.90(4)
Act Violations: 901.502(6), 901.502(10), 901.502(11) | Hometown: Comfort, TX
Certificate No.: 100214 |
| <p>Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked for a period of 10 years from the effective date of the Board Order; however, the revocation was stayed, and Respondent was placed on probation for 10 years. In addition, Respondent must pay \$339.39 in administrative costs within 30 days of the date of the Board Order and must participate in a consultation and evaluation with the Accountants Confidential Assistance Network (ACAN). Respondent received 10 years deferred adjudication for the felony offense of Aggravated Assault with a Deadly Weapon.³</p> | | |
| 2. | Investigation No.: 19-08-06L
Respondent: Christopher Fuller Nesmith
Rule Violation: 501.90(4)
Act Violations: 901.502(6), 901.502(10), 901.502(11) | Hometown: Coppell, TX
Certificate No.: 108010 |
| <p>Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked for a period of two years from the effective date of the Board Order; however, the revocation was stayed, and Respondent was placed on probation for two years. In addition, Respondent must pay \$390.34 in administrative costs within 30 days of the date of the Board Order and must participate in a consultation and evaluation with the Accountants Confidential Assistance Network (ACAN). Respondent received two years deferred adjudication for the felony offense of Possession of a Controlled Substance.³</p> | | |

Technical Standards Review Committee

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

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|----|---|---|
| 1. | Investigation No.: 19-11-03L
Respondent: John Ramon Gramstad
Rule Violation: 501.81
Act Violations: 901.401, 901.502(6), 901.502(11) | Hometown: McKinney, TX
Certificate No.: 114317 |
|----|---|---|

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$1,500 in administrative penalties and \$136.47 in administrative costs within 30 days of the Board Order. Respondent issued reviewed and compiled financial statements without a firm license.⁴

2. **Investigation No.:** 19-05-11L **Hometown:** The Woodlands, TX
Respondent: Ntianu Onyekachi Okam **Certificate No.:** 088199
Rule Violation: 501.81
Act Violations: 901.401, 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$1,000 in administrative penalties and \$273.13 in administrative costs in monthly installment payments over a period of one year from the date of the Board Order. Respondent issued reviewed financial statements for a non-profit corporation without a firm license.⁵

3. **Investigation No.:** 19-05-01L **Hometown:** Tulsa, OK
Respondent: Roosevelt Johnson, Jr., **Firm License No.:** C09191
Rule Violation: 501.60
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was reprimanded, placed on limited scope prohibiting it from performing U.S. Department of Education audits for a period of one year from the date of the Board Order and ordered to pay \$2,500 in administrative penalties and \$812.32 in administrative costs within 30 days of the Board Order. Respondent issued audited financial statements for a school which were filed with the U.S. Department of Education that failed to meet Generally Accepted Auditing Standards, Statement of Standards for Attestation Engagements, Government Auditing Standards and the U.S. Department of Education Audit Guide for Student Financial Assistance.⁵

4. **Investigation No.:** 19-03-11L **Hometown:** Houston, TX
Respondent: Blessing Okocha-Ezeude **Certificate No.:** 060235
Rule Violation: 501.81
Act Violations: 901.401, 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$1,000 in administrative penalties and \$327.75 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.⁵

B. Administrative Disciplinary Actions:

Ms. Yanuzzi moved to approve the following Disciplinary Actions as presented. Mr. Koch 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 4)

Investigation Numbers

19-10-10094 – 19-10-10271

19-11-10001 – 19-11-10054

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 com-

pliance 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 5)*

Investigation Numbers

19-10-10272 – 19-10-10286
19-11-10055 – 19-11-10221

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 6)**

Investigation Numbers

19-10-10287 – 19-10-10323
19-11-10222 – 19-11-10248

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

XIII. Mr. Cavazos adjourned the meeting at 12:15 p.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

Timothy L. LaFrey, Esq., CPA, Secretary

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

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

³Mr. Ingram, Mr. Peña, and Ms. Sharp recused themselves from participating in this matter.

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

⁵Mr. Johnson, Ms. Friel and Mr. Grant recused themselves from participating in this matter.