

# Texas State Board of Public Accountancy

May 14, 2020

The Texas State Board of Public Accountancy met from 10:05 a.m. until 11:58 a.m. on May 14, 2020 at via teleconference. A notice of this meeting containing all items on the agenda was filed with the Office of the Secretary of State at 4:25 p.m. on May 5, 2020. (TRD #2020-002332).

## (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  
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*  
Benjamin Peña, CPA  
*Treasurer*

Debra D. Seefeld, CPA  
Debra S. Sharp  
Jeannette P. Smith, CPA  
Kimberly E. Wilkerson, Esq.  
*Executive Committee*  
*Member-at-Large*

### Members Absent

Joyce A. Yannuzzi  
Excused

### Others Present

Kenneth Besserman, Esq.  
Hope Everett, Esq.  
Craig Nauta  
Jodi Ann Ray

### 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  
William Treacy  
Daniel Weaver

- I. Mr. Cavazos, Presiding Officer, called the meeting to order at 10:05 a.m. Mr. Treacy called roll and declared a quorum.

Mr. Peña moved to excuse the absence of Joyce Yannuzzi. Mr. Koch seconded the motion and it passed unanimously.

- II. Mr. Koch moved to approve the March 12, 2020 Board meeting minutes as presented. Mr. Grant seconded the motion and it passed unanimously.

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

Jeannette P. Smith, CPA of Mission, Texas.

- III. After a call for public comments, there were no comments from the public.

- IV. Mr. Cavazos, Executive Committee Chair, reported on the May 13, 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  
Benjamin Peña, CPA  
Kimberly E. Wilkerson, Esq.

### Others Present

Kenneth Besserman, Esq.  
Jodi Ann Ray  
Jeannette P. Smith, CPA

### Staff Present

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

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

- B. Mr. Peña discussed the Board's Budget Plan for FY 2021.

- C. Mr. Koch moved to establish compensatory per diem for Board Members at a rate of \$100 per day as provided for in the *Public Accountancy Act*. Dr. Morris seconded the motion and it passed unanimously.
- D. Mr. Treacy discussed the status of the office relocation.
- E. Mr. Treacy reported on NASBA/AICPA matters:
  - “ NASBA dates of interest:
    - a. 38<sup>th</sup> Executive Directors Conference . March 16-18, 2020 - Virtual
    - b. 25<sup>th</sup> Annual Conference for Board of Accountancy Legal Counsel . March 16-18, 2020 . Virtual
    - c. Western Regional Meeting . June 3, 2020 - Virtual
    - d. 113<sup>th</sup> Annual Meeting . November 1-4, 2020
- F. Mr. Cavazos reviewed correspondence from the public.
- G. Dr. Morris discussed the upcoming annual evaluation of the executive director.
- V. Mr. LaFrey, Rules Committee Chair, moved to authorize that the executive director have published in the *Texas Register* for public comment to elimination of the 15 hours of classroom attendance to be eligible to sit for the CPA Exam. The motion also extends the emergency rulemaking adopted at the March Board Meeting for 60 days or until the proposed revision to *Rule 511.57 (Qualified Accounting Courses)* is effectively revised to eliminate the 15 classroom hour requirement. Dr. Morris seconded the motion and it passed unanimously. (**ATTACHMENT 2**)
- VI. 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:

**April 23, 2019**

**Members Present**

Charles B. Allison, CPA  
Patrick Durio, CPA  
Donna J. Hugly, CPA  
James D. Ingram IV, CPA  
John Pearce, Esq., CPA  
Benjamin Peña, CPA  
Debra S. Sharp

**Members Absent**

Karen Jones, CPA  
Steve D. Peña, CPA

**Staff Present**

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

“ Dr. Morris moved to dismiss the following investigations based on voluntary compliance. Ms. Friel seconded the motion and it passed. The BEC members did not participate in the vote.

- 1. Investigation No. 18-12-05L<sup>1</sup>
- 2. Investigation Nos. 18-11-09L<sup>1</sup> and 18-11-10L<sup>1</sup>

**April 22, 2020**

**Members Present**

Charles B. Allison, CPA  
Patrick Durio, CPA  
James D. Ingram IV, CPA  
Karen Jones, CPA  
Kevin Koch, CPA  
Benjamin Peña, CPA  
Debra S. Sharp

**Member Absent**

John Pearce, Esq., CPA

**Staff Present**

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

- A. Ms. Smith moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Aimone seconded the motion and it passed. The BEC members did not participate in the vote.
1. Investigation Nos. 20-02-06L<sup>2</sup> and 20-02-07L<sup>2</sup>
  2. Investigation Nos. 20-01-10L<sup>2</sup> and 20-01-11L<sup>2</sup>
  3. Investigation Nos. 20-03-01L<sup>2</sup> and 20-03-02L<sup>2</sup>
  4. Investigation Nos. 20-02-09L<sup>2</sup> and 20-02-10L<sup>2</sup>
  5. Investigation Nos. 20-01-07L<sup>2</sup>, 20-01-08L<sup>2</sup>, and 20-01-09L<sup>2</sup>
- B. Ms. Smith moved to dismiss the following investigations based on voluntary compliance of a violation of the *Act* or the *Rules*. Mr. Grant seconded the motion and it passed. The BEC members did not participate in the vote.
1. Investigation No. 20-01-24L<sup>2</sup>
  2. Investigation Nos. 19-09-03L<sup>2</sup> and 19-09-04L<sup>2</sup>
  3. Investigation Nos. 19-10-06L<sup>2</sup> and 19-10-07L<sup>2</sup>
- C. Other . The committee considered 10 other matters during its meeting; however, these matters did not require Board action at this time.
- D. The next committee meeting was scheduled for August 5, 2020 at 9:15 a.m.
- VIII. Ms. Wilkerson, Peer Assistance Committee chair, reported on the status of the program, which included an overview of the program and an update regarding recent activities.
- 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:**

**Behavioral Enforcement Committee**

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

- |    |                           |  |                         |                       |
|----|---------------------------|--|-------------------------|-----------------------|
| 1. | <b>Investigation No.:</b> | <b>19-10-05L</b>                           | <b>Hometown:</b>        | <b>Cedar Park, TX</b> |
|    | <b>Respondent:</b>        | <b>Wesley Alan Tucker</b>                  | <b>Certificate No.:</b> | <b>072859</b>         |
|    | <b>Rule Violations:</b>   | <b>501.90(2), 501.90(10)</b>               |                         |                       |
|    | <b>Act Violations:</b>    | <b>901.502(2), 901.502(6), 901.502(11)</b> |                         |                       |

Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked. In addition, Respondent must pay \$628.26 in administrative costs within 30 days of the date of the Board Order. Respondent wrote unauthorized checks to himself while acting as volunteer treasurer for a youth organization. Respondent repaid the funds to the organization.<sup>2</sup>

- |    |                           |                                |                         |                  |
|----|---------------------------|--------------------------------|-------------------------|------------------|
| 2. | <b>Investigation No.:</b> | <b>19-11-06L</b>               | <b>Hometown:</b>        | <b>Allen, TX</b> |
|    | <b>Respondent:</b>        | <b>Thomas John Palmeri</b>     | <b>Certificate No.:</b> | <b>054945</b>    |
|    | <b>Rule Violations:</b>   | <b>501.90(4), 501.90(5)</b>    |                         |                  |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(11)</b> |                         |                  |

Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked for a period of four years from the effective date of the Board Order; however, the revocation was stayed, and Respondent was placed on probation for four years. In addition, Respondent must comply with conditions relating to his participation with the Accountants Confidential Assistance Network. Respondent received four years of probation for the felony offense of Driving While Intoxicated 3<sup>rd</sup>.<sup>2</sup>

### Technical Standards Review Committee

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

- |    |   |  |   |   |
|----|---|--|---|---|
| 1. | <b>Investigation Nos.:</b><br><b>Respondents:</b> | <b>19-09-20L and 19-09-21L</b><br><b>Russell A. Wallace and</b><br><b>Wallace Accounting and</b><br><b>Advisory Services, PLLC</b> | <b>Hometown:</b><br><b>Certificate No.:</b><br><b>Firm License No.:</b> | <b>Denton, TX</b><br><b>101928</b><br><b>C09081</b> |
|    | <b>Rule Violation:</b><br><b>Act Violations:</b>  | <b>501.81</b><br><b>901.401, 901.502(6), 901.502(11)</b>   |   |   |

Respondents entered into an ACO with the Board whereby Respondents were ordered to pay \$1,000 in administrative penalties and \$357.11 in administrative costs within 120 days of the date of the Board Order. Respondent Firm is required to complete an accelerated peer review through the AICPA by September 30, 2020. Respondents issued compiled financial statements for a company, which were filed with the Texas Department of Transportation, when the firm license was expired.<sup>3</sup>

- |    |  |  |   |                                    |
|----|--|--|---|------------------------------------|
| 2. | <b>Investigation No.:</b><br><b>Respondent:</b><br><b>Rule Violation:</b><br><b>Act Violation:</b> | <b>19-08-11L</b><br><b>Cameron Paul Terry</b><br><b>501.90(7)</b><br><b>901.502(6)</b> | <b>Hometown:</b><br><b>Certificate No.:</b> | <b>Spring, TX</b><br><b>088724</b> |
|----|--|--|---|------------------------------------|

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$6,000 in administrative penalties in accordance with the payment schedule outlined in the ACO. Respondent is prohibited from being an associated person of a registered accounting firm registered with Public Company Accountability and Oversight Board (PCAOB) for a period of one year from the date of the PCAOB Order (August 21, 2019). Respondent entered into an Offer of Settlement with the PCAOB which constitutes a consent decree concerning Respondent's right to practice before the PCAOB, a licensing agency.<sup>3</sup>

### **B. Administrative Disciplinary Actions:**

Mr. Koch moved to approve the following Disciplinary Actions as presented. Ms. Smith 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 3)

#### Investigation Numbers

19-12-10001 . 19-12-10055  
20-01-10001 . 20-01-10052

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 4)

#### Investigation Numbers

19-12-10056 . 19-12-10227  
20-01-10053 . 20-01-10202

**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 5)

**Investigation Numbers**

19-12-10228 . 19-12-10251  
20-01-10203 . 20-01-10234

**C. Proposal for Decision**

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

<b>Investigation Nos.:</b>	<b>19-07-08L, 19-07-12L, 19-07-13L, 19-07-14L, 19-08-07L and 19-08-08L</b>	<b>Hometown:</b>	<b>Dallas, TX</b>
		<b>Certificate No.:</b>	<b>027790</b>
		<b>Firm License No.:</b>	<b>T07633</b>
<b>Respondents:</b>	<b>Philip Keith Miller and Philip Keith Miller (Firm)</b>		
<b>Rule Violations:</b>	<b>501.74(b), 501.76, 501.90(2), 501.90(10), 501.90(12), 501.93</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(11)</b>		

Respondents failed to respond to an offer of an ACO by the BEC revoking the Respondents' certificate and licenses for: 1) failing to respond to a client's inquiries regarding the status of work to be performed; 2) failing to return client records upon request; 3) failing to complete an engagement for which they were paid; 4) writing unauthorized checks to themselves for services that were not rendered; and 5) failing to respond to Board communications. The ACO also included \$30,000 in administrative penalties and \$1,667.29 in administrative costs and directed Respondents to make restitution of \$22,500. A hearing was held before the Executive Director under Board Rule 519.24(f) on March 23, 2020 at which Respondents did not appear. The Board ordered the revocation of Respondents' certificate and licenses, assessed an administrative penalty of \$30,000, administrative costs of \$3,484.73 and that Respondents be ordered to pay restitution of \$22,500.<sup>1</sup>

XI. Mr. Peña moved to adopt the following Board Rules as presented. Ms. Smith seconded the motion and it passed unanimously.

1. *Section 501.51 Preamble and General Principles (ATTACHMENT 6)*
2. *Section 501.52 Definitions (ATTACHMENT 7)*
3. *Section 501.73 Integrity and Objectivity (ATTACHMENT 8)*
4. *Section 501.75 Confidential Client Communications (ATTACHMENT 9)*
5. *Section 501.76 Records and Work Papers (ATTACHMENT 10)*
6. *Section 501.77 Acting through Others (ATTACHMENT 11)*
7. *Section 501.78 Withdrawal or Resignation (ATTACHMENT 12)*
8. *Section 501.80 Practice of Public Accountancy (ATTACHMENT 13)*
9. *Section 501.81 Firm License Requirements (ATTACHMENT 14)*
10. *Section 501.82 Advertising (ATTACHMENT 15)*
11. *Section 501.83 Firm Names (ATTACHMENT 16)*
12. *Section 501.85 Complaint Notice (ATTACHMENT 17)*
13. *Section 501.90 Discreditable Acts (ATTACHMENT 18)*

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

XIII. Mr. Cavazos adjourned the meeting at 11:58 a.m.

**ATTEST:**

---

Manuel Cavazos IV, Esq., CPA, Presiding Officer

---

Timothy L. LaFrey, Esq., CPA, Secretary

<sup>1</sup>*Mr. Ingram, Mr. Peña and Ms. Sharp recused themselves from participating in this matter.*

<sup>2</sup>*Mr. Ingram, Mr. Koch, Mr. Peña and Ms. Sharp recused themselves from participating in this matter.*

<sup>3</sup>*Ms. Aimone, Ms. Friel, Mr. Johnson, and Ms. Seefeld recused themselves from participating in this matter.*