

# Texas State Board of Public Accountancy

September 17, 2020

The Texas State Board of Public Accountancy met virtually from 10:05 a.m. until 11:45 a.m. on September 17, 2020 at 505 E. Huntland Dr., Ste. 380, Austin, Texas 78752. A notice of this meeting containing all items on the agenda was filed with the Office of the Secretary of State at 3:55 p.m. on September 15, 2020. (TRD #2020-005281).

**(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*  
Joyce A. Yannuzzi

**Others Present**

Kenneth Besserman, Esq.  
Jim Bradbury  
Charles Cooley, CPA  
Julie Davis  
John T. Galloway  
Rainier Porter  
Jodi Ann Ray  
D. Reed, CPA  
MaryValerie Reeves, CPA  
Chris Smith  
Mark Vane, Esq.

**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.
- II. Dr. Morris moved to approve the July 16, 2020 Board meeting minutes as presented. Mr. Koch 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 September 16, 2020 virtual 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.  
Charles Cooley, CPA  
Jodi Ann Ray  
D. Reeds, CPA  
MaryValerie Reeves, CPA  
Chris Smith

**Staff Present**

Roel Cantu  
Jackie Frazier  
Ann Hallam, PMP  
Alan Hermanson, CPA  
J. Randel Hill, Esq.  
Donna Hiller  
Julie Prien  
William Treacy  
Daniel Weaver

- A. Mr. Peña moved to approve the Board's financial statements as presented. Mr. Koch seconded the motion and it passed unanimously.
- B. Fiscal Matters:
  - Mr. Peña moved to approve the Board's FY 2021 Fee Schedule as presented. Mr. Koch seconded the motion and it passed unanimously.
- C. Mr. Treacy discussed the status of the office relocation.
- D. Mr. Treacy reported on status of the Post Payment Audit.

- E. Mr. Treacy reported on NASBA/AICPA matters:
- Mr. Cavazos reported on NASBA dates of interest:
    - a. 113<sup>th</sup> Annual Meeting – November 2-4, 2020
    - b. Dr. Morris briefed the Board on the Board's letter to J. Coalter Baker, CPA, Chair, NASBA Uniform Accountancy Act Committee relating to the CPA Evolution Initiative.
    - c. Mr. Peña moved to approve the cancellation of the Board's December Swearing-in Ceremony due to Covid – 19 restrictions. Mr. Koch seconded the motion and it passed unanimously.
- F. Mr. Peña moved to approve the following FY 2020 professional service contract extensions. Dr. Morris seconded the motion and it passed unanimously.

**FY 2020 Extensions:**

**Peer Review Committee consultants: Extension of FY 2020 Contracts through 02/28/21**

|                             |                   |          |
|-----------------------------|-------------------|----------|
| 1. John Mason Andres, CPA   | 9/1/20 – 02/28/21 | \$11,350 |
| 2. John Michael Waters, CPA | 9/1/20 – 02/28/21 | \$11,350 |
| 3. Robert Goldstein, CPA    | 9/1/20 – 02/28/21 | \$11,350 |

- G. Mr. Peña moved to approve the following FY 2021 professional service contracts and Peer Assistance Grant (ACAN) as presented. Dr. Morris seconded the motion and it passed unanimously.

**FY 2021:**

**Technical Standards Review Committee consultants:**

|                              |                  |          |
|------------------------------|------------------|----------|
| 1. Belen Briones, CPA        | 9/1/20 – 8/31/21 | \$5,000  |
| 2. Harper & Pearson, Co., PC | 9/1/20 – 8/31/21 | \$50,000 |
| 3. Peter DelVecchia          | 9/1/20 – 8/31/21 | \$10,000 |

**Legal:**

|                           |                  |           |
|---------------------------|------------------|-----------|
| Dubose, Bryant & Campbell | 9/1/20 – 8/31/21 | \$110,000 |
|---------------------------|------------------|-----------|

**Tax:**

|                    |                  |          |
|--------------------|------------------|----------|
| The Dove Firm PLLC | 9/1/20 – 8/31/21 | \$25,000 |
|--------------------|------------------|----------|

|  |                  |          |
|--|------------------|----------|
| <b>Office of the Attorney General:</b> | 9/1/20 – 8/31/21 | \$20,000 |
|--|------------------|----------|

**State Office of Administrative Hearings:**

|  |                  |          |
|--|------------------|----------|
|  | 9/1/20 – 8/31/21 | \$24,750 |
|--|------------------|----------|

**Sponsor Review Program consultants – each contract not to exceed \$3,500:**

**Master Reviewers:**

|                  |                  |               |
|------------------|------------------|---------------|
| Ron Huntsman     | 9/1/20 – 8/31/21 | \$150.00/hour |
| Mitch Sutherland | 9/1/20 – 8/31/21 | \$150.00/hour |

**Reviewers:**

|                 |                  |               |
|-----------------|------------------|---------------|
| David Crumbaugh | 9/1/20 – 8/31/21 | \$125.00/hour |
| John Jones      | 9/1/20 – 8/31/21 | \$125.00/hour |
| Connie Kelly    | 9/1/20 – 8/31/21 | \$125.00/hour |
| Tim Madrigal    | 9/1/20 – 8/31/21 | \$125.00/hour |
| Timothy Prebe   | 9/1/20 – 8/31/21 | \$125.00/hour |
| Alva Winston    | 9/1/20 – 8/31/21 | \$125.00/hour |

**FY 2021 Grant:**

|                                     |                  |           |
|-------------------------------------|------------------|-----------|
| <b>Peer Assistance (ACAN) Grant</b> | 9/1/20 – 8/31/21 | \$107,500 |
|-------------------------------------|------------------|-----------|

- H. Mr. Ingram moved to approve the Committee and Board meeting dates for CY 2021 as presented. Mr. Koch seconded the motion and it passed unanimously.
  - I. Mr. Cavazos presented general correspondence coming to the Board's attention.
  - J. Dr. Morris reported that the Board's Succession Plan should be reviewed annually and should include a general statement for training in the absence of a division director and use job titles instead of names.
- V. Mr. LaFrey, Rules Committee Chair, reported on the September 16, 2020 virtual 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.  
Charles Cooley, CPA  
Julie Davis  
Gary D. McIntosh, CPA  
Jodi Ann Ray  
D. Reed, CPA  
MaryValerie Reeves, CPA  
Chris Smith

**Staff Present**

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

- A. Mr. LaFrey moved to re-adopt *Chapter 502 (Peer Assistance)* in their current form pursuant to *Section 2001.039 of the Texas Administrative Code* and to authorize the executive director to publish in the *Texas Register* for public comment the proposed revision to *Rule 502.1 (Peer Assistance to Licensees)* as amended by the committee. Mr. Koch seconded the motion and it passed unanimously. **(ATTACHMENT 2)**
  - B. Mr. LaFrey moved to re-adopt *Chapter 505 (The Board)* in their current form pursuant to *Section 2001.039 of the Texas Administrative Code* and to authorize the executive director to publish in the *Texas Register* for public comment the proposed revision to *Rules 505.1(c) (Board Seal and Headquarters)* and *505.10(e)(1)(C) (Board Committees)* as amended by the committee. Mr. Koch seconded the motion and it passed unanimously. **(ATTACHMENT 3)**
  - C. Mr. LaFrey moved to re-adopt *Chapter 507 (Employees of the Board)* in their current form pursuant to *Section 2001.039 of the Texas Administrative Code* and to authorize the executive director to publish in the *Texas Register* for public comment the proposed revision to *Rule 507.4 (Confidentiality)* as amended by the committee. Mr. Koch seconded the motion and it passed unanimously. **(ATTACHMENT 4)**
  - D. Mr. LaFrey moved to re-adopt *Chapter 509 (Rulemaking Procedures)* in their current form pursuant to *Section 2001.039 of the Texas Administrative Code*. Mr. Koch seconded the motion and it passed unanimously. **(ATTACHMENT 5)**
  - E. Mr. LaFrey reported that the next committee meeting is scheduled for November 11, 2020 at 1:30 p.m.
- 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, Peer Review Committee Chair, reported on the September 16, 2020 virtual committee meeting.

**Members Present**

Thomas Akin, CPA  
Manuel Cavazos IV, Esq., CPA  
Laura Lambert, CPA  
Robert McAdams, CPA  
Roselyn Morris, PhD, CPA  
Benjamin Peña, CFE, CPA  
Debra D. Seefeld, CPA

**Others Present**

J. Mason Andres III, CPA  
Kenneth Besserman, Esq.  
Charles Cooley, CPA  
Jerry Cross, CPA  
Julie Davis  
Robert Goldstein, CPA  
Jodi Ann Ray  
D. Reed, CPA  
MaryValerie Reeves, CPA  
Chris Smith  
Mike Waters, CPA

**Staff Present**

J. Randel Hill, Esq.  
Marissa Mahoney  
John Moore, Esq.  
Marisa Rios  
William Treacy  
Daniel Weaver

- A. Mr. Peña moved to accept the 2019 Annual Report from the Peer Review Oversight Board and to continue the Texas Society of CPAs as an approved peer review sponsoring organization. Mr. Grant seconded the motion and it passed unanimously.
- B. See agenda IV-F for action taken.

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

**August 5, 2020**

**Members Present**

Charles B. Allison, CPA  
Patrick Durio, CPA  
James D. Ingram IV, CPA  
Karen Jones, CPA

Kevin Koch, CPA  
John Pearce, Esq., CPA  
Benjamin Peña, CPA  
Debra S. Sharp

**Staff Present**

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

- A. Dr. Morris moved to dismiss following investigations based on insufficient evidence of a violation with the *Act* or the *Rules*. Ms. Yannuzzi seconded the motion and it passed. The BEC Board members did not participate in the vote.
  - 1. Investigation Nos. 19-12-08L<sup>1</sup> and 19-12-09L<sup>1</sup>
  - 2. Investigation Nos. 20-03-04L<sup>1</sup> and 20-03-05L<sup>1</sup>
  - 3. Investigation Nos. 20-06-09L<sup>1</sup> and 20-06-10L<sup>1</sup>
  - 4. Investigation Nos. 20-05-05L<sup>1</sup> and 20-05-06L<sup>1</sup>
  - 5. Investigation Nos. 20-05-03L<sup>1</sup> and 20-05-04L<sup>1</sup>
  - 6. Investigation Nos. 20-05-01L<sup>1</sup> and 20-05-02L<sup>1</sup>
  - 7. Investigation Nos. 20-03-10L<sup>1</sup> and 20-03-11L<sup>1</sup>
  - 8. Investigation Nos. 20-05-13L<sup>1</sup> and 20-05-14L<sup>1</sup>
  - 9. Investigation Nos. 20-04-01L<sup>1</sup> and 20-04-02L<sup>1</sup>
  - 10. Investigation Nos. 20-03-12L<sup>1</sup> and 20-03-13L<sup>1</sup>
- B. Ms. Wilkerson moved to dismiss Investigation Nos. 20-01-21L<sup>1</sup>, 20-01-22L<sup>1</sup>, and 20-01-23L<sup>1</sup> based upon voluntary compliance with the *Act* and the *Rules*. Ms. Aimone seconded the motion and it passed. The BEC Board members did not participate in the vote.
- C. Other – The committee considered other matters during its meeting; however, these matters do not require Board action at this time.
- D. The next committee meeting was scheduled for October 20, 2020 at 9:15 a.m.

IX. Mr. Johnson, Technical Standards Review Committee Chair, reported on the following committee meeting:

**July 16, 2020**

**Members Present**

Kelly V. Aimone, Esq.  
Lisa A. Friel, CPA  
Pete M. Gonzales, CPA  
Jeffrey L. Johanns, CPA  
Ross Johnson, CPA  
Robert M. McAdams, CPA  
Debra Seefeld, CPA  
Dilliana Stewart, CPA  
Juliet Williams, CPA

**Member Absent**

Jamie Grant

**Staff Present**

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

- A. Ms. Yannuzzi moved to dismiss **Investigation No. 20-01-01L<sup>2</sup>** due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Wilkerson seconded the motion and it passed. The TSR Board members did not participate in the vote.
- B. Other – The committee considered nine other matters during its meeting; however, these matters do not require Board action at this time.

- C. The next committee meeting was scheduled for September 17, 2020 at 2:00 p.m.
- X. Mr. Hill, General Counsel, reported on the status of the Enforcement Division's probation and limited scope 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 ACO as presented. Ms. Wilkerson seconded the motion and it passed. The BEC Board members did not participate in the vote.

- **Investigation No.:** 20-02-02L **Hometown:** Allen, TX  
**Respondent:** Steven Alan Aman **Certificate No.:** 039727  
**Rule Violations:** 501.90(2), 501.90(10)  
**Act Violations:** 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked and Respondent was ordered to pay \$407.17 in administrative costs within 30 days of the Board Order. Respondent embezzled over \$100,000 from his employer over several years and repaid over \$86,000.

**Technical Standards Review Committee**

Mr. Peña moved to approve the following ACOs as presented. Mr. Ingram seconded the motion and it passed. The TSR Board members did not participate in the vote.

1. **Investigation Nos.:** 20-02-03L and 20-02-04L **Hometown:** Houston, TX  
**Respondents:** Carlos Lopez and LBB & Associates, Ltd., LLP **Certificate No.:** 046590  
**Firm License No.:** P05343  
**Rule Violation:** 501.90(7)  
**Act Violations:** 901.159, 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents were placed on limited scope prohibiting them from performing audits for companies registered with the Securities and Exchange Commission (SEC). Respondents were ordered to pay \$304.81 in administrative costs within 30 days of the Board Order. Respondents were the subject of an SEC Order in File No. 3-18967, styled *In the Matter of LBB & Associates, Ltd, LPP and Carlos Lopez, Respondents*, dated February 6, 2020. The SEC Order denies the Respondents the privilege of appearing before the SEC as accountants. The order allowed the Respondents to petition for reinstatement before the SEC after a period of two (2) years from the date of the SEC Order, under certain conditions.<sup>2</sup>

2. **Investigation No.:** 20-01-02L **Hometown:** Woolwich, ME  
**Respondent:** Ricky Douglas Mullins **Certificate No.:** 065626  
**Rule Violation:** 501.90(7)  
**Act Violations:** 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's certificate was suspended for a period of five years from the date of the Board Order and ordered to pay administrative costs of \$304.81 within 30 days of the Board order. Respondent was the subject of an SEC Order in File No. 3-19644 styled in *Securities and Exchange Commission v. Rick D. Mullins*, issued on January 10, 2020. The SEC Order suspended the right of the Respondent to practice before the SEC as an accountant.<sup>2</sup>

3. **Investigation No.:** 20-01-16L **Hometown:** Dallas, TX  
**Respondent:** RSM US, LLP **Firm License No.:** P05638  
**Rule Violation:** 501.90(7)  
**Act Violation:** 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was Reprimanded and ordered to pay an administrative penalty of \$45,000 and administrative costs of \$220.64 within 30 days of the Board order. Respondent was the subject of an SEC Order in File No. 3-19370 styled *In the Matter of: RSM US, LLP (f/k/a McGladrey LLP)*, issued on August 27, 2019. The SEC Order censured the Respondent and assessed a civil penalty of \$950,000. The SEC found that Respondent failed to properly monitor quality controls to insure the independence of its audit reports.<sup>2</sup>

4. **Investigation Nos.:** 16-07-02L & 16-07-03L **Hometown:** Pflugerville, TX  
**Respondents:** Anthony Oluyinka **Certificate No.:** 037666  
Adeagbo Tegbe & **Firm License No.:** T03131  
Anthony O. Tegbe, CPA

Respondents petitioned to lift the limitation of scope on Respondents' certificate and licenses as a CPA and CPA firm. Respondents entered into an ACO with the Board whereby Respondents' limitation of scope was modified to allow them to perform audits, compilations and reviews with a pre-issuance review by a pre-issuance reviewer approved by the Chair of the TSR Committee. Respondents' certificate and licenses had been previously revoked on October 26, 2016 for violating the terms of a previous ACO in the above referenced investigations. Respondents issued audited financial statements without obtaining a pre-issuance review as required by the previous ACO. On January 24, 2019, Respondents' certificate and licenses were reinstated by Board Order with a limitation of scope prohibiting them from performing audits, compilations and reviews.<sup>2</sup>

5. **Investigation No.:** 20-03-18L **Hometown:** Ft. Worth, TX  
**Respondent:** Whitley Penn, LLP **Firm License No.:** P05377  
**Rule Violation:** 501.90(7)  
**Act Violations:** 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was ordered to pay an administrative penalty of \$100,000 and to pay jointly and severally administrative costs of \$429.24 within 30 days of the Board order. Respondent was the subject of a PCAOB Order in PCAOB Release No. 105-2020-002, *In the Matter of: In the Matter of WHITLEY PENN, LLP., SUSAN LUNN POWELL, JEFFREY SHANNON LAWLIS AND JOHN GRIFFIN BABB, CPAS, RESPONDENTS*, issued on March 24, 2020. The PCAOB found that Respondent's quality control system failed to provide reasonable assurance that the Respondent and its personnel performed audit work in accordance with professional standards or engaged in appropriate consultations with persons outside the Respondent's engagement team when necessary in an audit of a publicly traded company subject to the jurisdiction of the PCAOB.<sup>2</sup>

6. **Investigation No.:** 20-03-19L **Hometown:** Dallas, TX  
**Respondent:** Susan Lunn Powell **Certificate No.:** 078380  
**Rule Violation:** 501.90(7)  
**Act Violations:** 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was ordered to pay an administrative penalty of \$15,000 and to pay jointly and severally administrative costs of \$429.24 within 30 days of the Board order. In addition, Respondent was placed on limited scope, prohibiting her from associating with a registered accounting firm with the PCAOB limiting Respondent's activities in connection with any audit as that term is defined in Section 110(1) of the Sarbanes-Oxley Act of 2002, as amended for a period of one year from the date of the PCAOB Order and requiring that the Respondent complete 40 hours of continuing professional education as required by the PCAOB Order. Respondent was the subject of a PCAOB Order in PCAOB Release No. 105-2020-002, *In the Matter of: In the Matter of WHITLEY PENN, LLP., SUSAN LUNN POWELL, JEFFREY SHANNON LAWLIS AND JOHN GRIFFIN BABB, CPAS, RESPONDENTS*, issued on March 24, 2020. The PCAOB found that Respondent failed to exercise due professional care, including professional skepticism, in connection with procedures she performed concerning loans made by a publicly-traded company to a key borrower and that Respondent failed to appropriately respond to evidence of possible undisclosed related party transactions.<sup>2</sup>

7. **Investigation No.:** 20-03-20L **Hometown:** Dallas, TX  
**Respondent:** Jeffrey Shannon Lawlis **Certificate No.:** 058485  
**Rule Violation:** 501.90(7)  
**Act Violations:** 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was ordered to pay an administrative penalty of \$12,500 and to pay jointly and severally administrative costs of \$429.24 within 30 days of the Board order. In addition, Respondent was placed on limited scope, prohibiting him from associating with a registered accounting firm with the PCAOB limiting Respondent's activities in connection with any audit as that term is defined in Section 110(1) of the Sarbanes-Oxley Act of 2002, as amended for a period of one year from the date of the PCAOB Order and requiring that the Respondent complete 20 hours of continuing professional education as required by the PCAOB Order. Respondent was the subject of a PCAOB Order in PCAOB Release No. 105-2020-002, *In the Matter of: In the Matter of WHITLEY PENN, LLP., SUSAN LUNN POWELL, JEFFREY SHANNON LAWLIS AND JOHN GRIFFIN BABB, CPAS, RESPONDENTS*, issued on March 24, 2020. The

PCAOB found that Respondent failed to exercise due professional care, including professional skepticism, in connection with procedures he performed concerning loans made by a publicly-traded company to a key borrower and that Respondent failed to appropriately respond to evidence of possible undisclosed related party transactions.<sup>2</sup>

- |    |                           |                                |                         |                      |
|----|---------------------------|--------------------------------|-------------------------|----------------------|
| 8. | <b>Investigation No.:</b> | <b>20-03-21L</b>               | <b>Hometown:</b>        | <b>Ft. Worth, TX</b> |
|    | <b>Respondent:</b>        | <b>John Griffin Babb</b>       | <b>Certificate No.:</b> | <b>081948</b>        |
|    | <b>Rule Violation:</b>    | <b>501.90(7)</b>               |                         |                      |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(11)</b> |                         |                      |

Respondent entered into an ACO with the Board whereby Respondent was ordered to pay an administrative penalty of \$5,000 and to pay jointly and severally administrative costs of \$429.24 within 30 days of the Board order. In addition, Respondent was placed on limited scope, limiting Respondent's activities in connection with any audit as that term is defined in Section 110(1) of the Sarbanes-Oxley Act of 2002, as amended for a period of one year from the date of the PCAOB Order and requiring that the Respondent complete 10 hours of continuing professional education as required by the PCAOB Order. Respondent was the subject of a PCAOB in PCAOB Release No. 105-2020-002, *In the Matter of: In the Matter of WHITLEY PENN, LLP., SUSAN LUNN POWELL, JEFFREY SHANNON LAWLIS AND JOHN GRIFFIN BABB, CPAS, RESPONDENTS*, issued on March 24, 2020. The PCAOB found that Respondent repeatedly failed to properly evaluate, with due professional care, the significant judgments that an auditor of Respondent's firm made concerning a loan to the key borrower of a publicly traded company.<sup>2</sup>

- |    |                           |   |                         |                   |
|----|---------------------------|---|-------------------------|-------------------|
| 9. | <b>Investigation No.:</b> | <b>20-04-03L</b>                        | <b>Hometown:</b>        | <b>Dallas, TX</b> |
|    | <b>Respondent:</b>        | <b>Christopher E. Velez</b>             | <b>Certificate No.:</b> | <b>111177</b>     |
|    | <b>Rule Violation:</b>    | <b>501.81</b>                           |                         |                   |
|    | <b>Act Violations:</b>    | <b>901.401, 901.502(6), 901.502(11)</b> |                         |                   |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$2,500 in administrative penalties and \$440.14 in administrative costs within 30 days of the Board Order. Respondent offered to perform attest services through a firm that was not licensed with the Board.<sup>2</sup>

- |     |                            |   |                          |                   |
|-----|----------------------------|---|--------------------------|-------------------|
| 10. | <b>Investigation Nos.:</b> | <b>20-07-01L &amp; 20-03-17L</b>  | <b>Hometown:</b>         | <b>Lamesa, TX</b> |
|     | <b>Respondents:</b>        | <b>James Kevin Telchik<br/>And Stephens,<br/>Stephens &amp; Telchik, P.C.</b> | <b>Certificate No.:</b>  | <b>061968</b>     |
|     |                            |   | <b>Firm License No.:</b> | <b>C03558</b>     |
|     | <b>Rule Violation:</b>     | <b>501.60</b>   |                          |                   |
|     | <b>Act Violations:</b>     | <b>901.502(6)</b>   |                          |                   |

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and assessed an administrative penalty of \$1,000 and administrative costs of \$479.01 due within 30 days of the Board Order. Respondents failed to communicate with the predecessor audit firm on an audit for which they were engaged as required by AU 315.<sup>2</sup>

#### B. Administrative Disciplinary Actions:

Ms. Wilkerson moved to approve the following Disciplinary Actions as presented. Mr. LaFrey 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 6)

#### Investigation Numbers

20-06-10001 – 20-06-10053  
20-06-10216 – 20-06-10267

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

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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 7)*

**Investigation Numbers**

20-06-10054 – 20-06-10193

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

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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 8)**

**Investigation Numbers**

20-06-10194 – 20-06-10215

20-06-10268 – 20-06-10273

XII. Ms. Wilkerson moved to repeal the following Board Rule as presented. Dr. Morris seconded the motion and it passed unanimously.

- *Section 523.121 CPE for Non-CPA Owners REPEAL*

XIII. Mr. Cavazos reviewed the meeting schedule for the remainder of the year.

XIV. Mr. Cavazos adjourned the meeting at 11:45 a.m.

**ATTEST:**

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Manuel Cavazos IV, Esq., CPA, Presiding Officer

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Timothy L. LaFrey, Esq., CPA, Secretary

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

<sup>2</sup>Ms. Aimone, Ms. Friel, Mr. Grant, Mr. Johnson, and Ms. Seefeld recused themselves from participating in this matter.

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