

Texas State Board of Public Accountancy

May 13, 2021

The Texas State Board of Public Accountancy met virtually from 10:03 a.m. until 12:13 p.m. on May 13, 2021, 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 3:23 p.m. on April 28, 2021. (TRD #2021-002546).
(ATTACHMENT 1)

Board Members Present

Susan I. Adams, CPA
Kelly V. Aimone, Esq.
Manuel Cavazos IV, Esq., CPA
Presiding Officer
Olivia Espinoza-Riley, CPA
Renee D. Foshee, Esq., CPA
Lisa A. Friel, CPA
Assistant Presiding Officer
Ray R. Garcia, CPA
Jamie D. Grant
*Executive Committee
Member-at-Large*
Jill A. Holup
James D. Ingram IV, CPA
Secretary
Kevin J. Koch, CPA
Treasurer
Debra D. Seefeld, CPA
*Executive Committee
Member-at-Large*
Jeannette P. Smith, CPA
Sheila M. Vallés-Pankratz

Member Absent

Debra S. Sharp
*Executive Committee
Member-at-Large*
excused

Others Present

Kenneth Besserman, Esq.
Charles Cooley, CPA
Julie Davis, Esq.
Hope Everett, Esq.
Jeff Price
Jodi Ann Ray
Chris Smith

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 10:03 a.m. Mr. Treacy called roll and declared a quorum.

Mr. Ingram moved to excuse the absence of Ms. Debra Sharp from the May 13, 2021 Board Meeting. Mr. Koch seconded the motion and it passed unanimously.

At this time the following new Board Members were introduced:

- Ms. Susan I. Adams, CPA of Colleyville, TX
 - Ms. Olivia Espinoza-Riley, CPA of Addison, TX
 - Ms. Renee D. Foshee, Esq., CPA of San Marcos, TX
 - Mr. Ray R. Garcia, CPA of Houston, TX
 - Ms. Sheila M. Vallés-Pankratz of Mission, TX
- II. Mr. Koch moved to approve the March 11, 2021 Board meeting minutes as amended. Ms. Friel 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 May 12, 2021 virtual committee meeting.

Members Present

Manuel Cavazos IV, Esq.,
CPA
Lisa A. Friel, CPA
Jamie D. Grant
James D. Ingram IV, CPA
Kevin J. Koch, CPA
Debra D. Seefeld, CPA

Member Absent

Debra S. Sharp
excused

Others Present

Susan I. Adams, CPA
Kenneth Besserman, Esq.
Renee D. Foshee, Esq., CPA
Ray R. Garcia, CPA

Staff Present

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

- A. Mr. Koch, Treasurer, presented the Board's financial statements for approval. Mr. Ingram moved to approve the Board's financial statements as presented. Ms. Aimone seconded the motion and it passed unanimously.
- B. Mr. Koch reported that the committee discussed the Board's Budget Plan for FY 2022 and additional information will be presented at the July 15, 2021 Board meeting for final approval.
- C. Mr. Treacy reported on the following item of interest from the 87th Legislative Session.
- House Bill 2023 by Representative Button/Senate Bill 297 by Senator Perry.
- D. Ms. Seefeld reported that consideration of the Peer Review Oversight Board Annual Report for 2020 was deferred until after the Peer Review Committee meets and will present the report at the July 15, 2021 Board meeting.
- E. Mr. Koch, Treasurer, reported that the Ad Hoc Audit Committee will be comprised of himself, Mr. Cavazos, and Ms. Friel and areas to be considered for review will be information resources security and procurement.
- F. Mr. Hill, General Counsel, provided an overview of the Board's Professional Services Contract Procurement process.
- G. Mr. Treacy presented the Board's Computer Utilization Report.
- H. Mr. Treacy reported on NASBA/AICPA matters:
- NASBA dates of interest:
 1. Mr. Treacy reported on the 39th Annual Conference for Executive Directors and Board Staff
April 12-14, 2021 – Virtual
 2. Mr. Hill reported on the 26th Annual Conference for Board of Accountancy Legal Counsel
April 13-14, 2021 – Virtual
 3. Western Regional Meeting
June 22-23, 2021 – Virtual
 4. 114th NASBA Annual Meeting
October 31 – November 3, 2021 – San Diego, CA
- I. Mr. Cavazos reported on general correspondence coming to the Board's attention.
- J. Mr. Cavazos reported on the proposed annual evaluation of the executive director. Ms. Friel will coordinate the process and participating Board Members will receive the evaluation materials to be completed before the next Board Meeting.
- V. Ms. Friel, Rules Committee Chair, reported on the May 12, 2021 virtual Rules Committee meeting.

Members Present

Manuel Cavazos IV, Esq., CPA
Renee D. Foshee, Esq., CPA
Lisa A. Friel, CPA
Ray R. Garcia, CPA
Kevin J. Koch, CPA
Jeannette P. Smith, CPA

Member Absent

Jill A. Holup
excused

Others Present

Kenneth Besserman, Esq.
Cory Joiner
Frank McElory, Esq.
Gary McIntosh, CPA
Benjamin Peña, CPA
Jodi Ann Ray

Staff Present

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

- A. Ms. Friel moved to adopt Board *Rule 513.1 (Registration of Foreign Practitioners with Substantially Equivalent Qualifications)* as published in the *Texas Register* but without paragraph (e) of the proposed rule. Mr. Garcia seconded the motion and it passed unanimously. **(ATTACHMENT 2)**
 - B. Ms. Friel reported that the committee discussed and considered the AICPA's Exposure Draft – *Noncompliance with Laws and Regulations* (NOCLAR). The staff will monitor the Texas Society's review of the exposure draft and report the result of their review to the Rules Committee.
 - C. Ms. Friel reported that the committee reviewed Board *Rule 501.76(g) (Records and Work Papers)* and determined not to revise the rule but will examine each complaint on an individual basis and revise the rule, as necessary, to address technology as it develops and affects the client records issue.
 - D. Ms. Friel moved to adopt the proposed revisions to Board *Rule 511.72 (Uniform Examination)* as published in the *Texas Register* for public comment. Mr. Ingram seconded the motion and it passed unanimously. **(ATTACHMENT 3)**
 - E. Ms. Friel moved to re-adopt the rules in *Chapter 520 (Provisions for the Fifth-Year Accounting Students Scholarship Program)* except that Board *Rule 520.9 (Advisory Committee)* be repealed and *Rule 520.6 (Allocations)* be revised to eliminate its reference to the advisory committee. Mr. Ingram seconded the motion and it passed unanimously. **(ATTACHMENT 4)**
 - F. Ms. Friel moved to re-adopt the rules in *Chapter 521 (Fee Schedule)* with no revisions pursuant to *Section 2001.039* of the *Texas Government Code*. Mr. Ingram seconded the motion and it passed unanimously. **(ATTACHMENT 5)**
 - G. Ms. Friel moved to re-adopt the rules in *Chapter 525 (Criminal Background Investigations)* pursuant to *Section 2001.039* of the *Texas Government Code*. Mr. Ingram seconded the motion and it passed unanimously. **(ATTACHMENT 6)**
 - H. Ms. Friel moved to adopt the proposed revisions to Board *Rule 511.59 (Definition of 150 Semester Hours)* as published in the *Texas Register* for public comment. Mr. Ingram seconded the motion and it passed unanimously. **(ATTACHMENT 7)**
 - I. Ms. Friel informed the Board that the next committee meeting will be held July 14, 2021 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. Ingram, Behavioral Enforcement Committee Chair, reported on the following virtual committee meeting:

April 28, 2021

Members Present

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

Kevin Koch, CPA
John Pearce, Esq., CPA
Debra Sharp
Jeannette P. Smith, CPA

Staff Present

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

- A. Ms. Aimone moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Espinoza-Riley seconded the motion and it passed. The BEC Board members did not participate in the vote.
 - 1. Investigation Nos. 21-03-01T¹ and 21-03-02T¹
 - 2. Investigation Nos. 21-03-06L¹ and 21-03-07L¹
 - 3. Investigation Nos. 21-03-04L¹ and 21-03-05L¹
 - 4. Investigation Nos. 21-03-13L¹ and 21-03-14L¹
 - 5. Investigation Nos. 21-03-10L¹ and 21-03-11L¹
 - 6. Investigation Nos. 21-01-02L¹ and 21-01-03L¹
 - 7. Investigation No. 21-03-08L¹
- B. Other – The committee considered four other matters during this meeting; however, these matters did not require Board action at this time.

- VIII. Ms. Seefeld, Technical Standards Review Committee Chair, reported on the following virtual committee meeting:

March 24, 2021

Members Present

Kelly V. Aimone, Esq.
Lisa A. Friel, CPA
Debra Seefeld, CPA
Dilliana Stewart, CPA
Juliet Williams, CPA

Members Absent

Jamie Grant
Robert M. McAdams, CPA

Staff Present

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

A. Request for Reinstatement of Licenses:

- Mr. Ingram moved to grant **Investigation Nos. 15-03-15L², 15-03-16L², 15-07-15L², and 15-07-16L²** request to reinstate licenses be granted with a limitation of scope on performing attest services. Ms. Adams seconded the motion and it passed. The TSR Board members did not participate in the vote.

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

- IX. Mr. Hill, General Counsel, reported on the status of the Enforcement Division's probation and limited scope 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

Ms. Friel moved to approve the following ACO as presented. Ms. Aimone seconded the motion and it passed. The BEC Board members did not participate in the vote.

- | | | | |
|-----------------------------|--------------------------------|-------------------------|--------------------|
| • Investigation No.: | 21-03-09L | Hometown: | Houston, TX |
| Respondent: | Steven Lane Jenkins | Certificate No.: | 029344 |
| Rule Violation: | 501.90(8) | | |
| 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 three years, however, the suspension was stayed and Respondent was placed on probation for three years under certain conditions. In Administrative Proceeding File No. 3-20036 styled *In the Matter of Steven Lane Jenkins*, the U.S. Securities and Exchange Commission (SEC) denied Respondent the privilege of appearing or practicing before the SEC as an accountant for a minimum of three years and assessed a civil penalty of \$30,000 as a result of Respondent's failure to disclose two federal bankruptcy petitions to a company for which he was a board member and which the company should have disclosed in filings with the SEC.³

Technical Standards Review Committee

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

- | | | | |
|------------------------------|--------------------------------|-------------------------|--------------------|
| 1. Investigation No.: | 20-09-50L | Hometown: | Cypress, TX |
| Respondent: | James Lee Thompson | Certificate No.: | 098790 |
| Rule Violation: | 501.90(7) | | |
| Act Violations: | 901.502(6), 901.502(11) | | |

Respondent entered into an ACO with the Board whereby Respondent was suspended to run concurrent with a 2-year suspension under an SEC order, however the suspension was stayed and Respondent was placed on probation to run concurrent with the 2-year suspension under the SEC order. Respondent was also placed on limited scope prohibiting him from performing audits, compilations and reviews for public companies. Respondent was the subject of an SEC Order in which he agreed to settle charges by agreeing to a suspension from appearing before the SEC as an accountant for a period of two years from the date of the SEC order.²

2. **Investigation No.:** 20-08-04L **Hometown:** Colleyville, TX
Respondent: Brian Dee Matlock **Certificate No.:** 081350
Rule Violation: 501.90(7)

Respondent entered into an ACO with the Board whereby Respondent was placed on limited scope prohibiting him from performing attest services for public companies and assessed an administrative penalty of \$10,000 to be paid within 30 days of the date of the Board Order. Respondent was the subject of an SEC Order in which he agreed to settle charges by agreeing to a suspension from appearing before the SEC as an accountant for a period of at least one year.²

3. **Investigation No.:** 20-09-51L **Hometown:** Houston, TX
Respondent: Lam Duy Ha **Certificate No.:** 093843
Rule Violation: 501.90(7)
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was suspended to run concurrent with a 2-year suspension under an SEC order, however the suspension was stayed and Respondent was placed on probation to run concurrent with the 2-year suspension under the SEC order. Respondent was also placed on limited scope prohibiting him from performing audits, compilations and reviews for public companies. Respondent was the subject of an SEC Order in which he agreed to settle charges by agreeing to a suspension from appearing before the SEC as an accountant for a period of two years from the date of the SEC order.²

B. Administrative Disciplinary Actions:

Ms. Smith moved to approve the following Disciplinary Actions as presented. Ms. Vallés-Pankrantz 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 8)

Investigation Numbers

20-12-10001 – 20-12-10045
21-01-10001 – 21-01-10050

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 9)

Investigation Numbers

20-12-10046 – 20-12-10223
21-01-10051 – 21-01-10235

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 10)

Investigation Numbers

20-12-10224 – 20-12-10250

21-01-10236 – 21-01-10265

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

1. *Section 511.21. Examination Application (ATTACHMENT 11)*
2. *Section 511.22. Initial Filing of the Application of Intent (ATTACHMENT 12)*
3. *Section 511.51. Educational Definitions (ATTACHMENT 13)*
4. *Section 511.52. Recognized Institutions of Higher Education (ATTACHMENT 14)*
5. *Section 511.53. Evaluation of International Education Documents (ATTACHMENT 15)*
6. *Section 511.54. Recognized Texas Community Colleges (ATTACHMENT 16)*
7. *Section 511.56. Educational Qualifications under the Act (ATTACHMENT 17)*
8. *Section 511.57. Qualified Accounting Courses (ATTACHMENT 18)*
9. *Section 511.58. Definitions of Related Business Subjects and Ethics Courses (ATTACHMENT 19)*
10. *Section 511.70. Grounds for Disciplinary Action of Applicants (ATTACHMENT 20)*
11. *Section 511.76. Examination Refund Policy (ATTACHMENT 21)*
12. *Section 511.77. Scoring (ATTACHMENT 22)*
13. *Section 511.80. Granting of Credit (ATTACHMENT 23)*
14. *Section 511.82. Application for Transfer of Credits (ATTACHMENT 24)*
15. *Section 511.83. Granting of Credit by Transfer of Credit (ATTACHMENT 25)*
16. *Section 511.87. Loss of Credit (ATTACHMENT 26)*
17. *Section 511.91. Board Responsibilities Regarding Requested Accommodations (ATTACHMENT 27)*
18. *Section 511.92. Definitions (ATTACHMENT 28)*
19. *Section 511.93. Applicant's Responsibility for Requesting Accommodations (ATTACHMENT 29)*
20. *Section 511.94. Documentation of the Need for an Accommodation (ATTACHMENT 30)*
21. *Section 511.96. Appeal from Denial of Request (ATTACHMENT 31)*
22. *Section 511.102. CPA Examination Availability (ATTACHMENT 32)*
23. *Section 511.103. Examination Scheduling (ATTACHMENT 33)*
24. *Section 511.104. Test Center Locations (ATTACHMENT 34)*
25. *Section 511.105. Test Center Check-In (ATTACHMENT 35)*
26. *Section 511.106. Compliance with Test Center Rules (ATTACHMENT 36)*
27. *Section 511.107. No-Show, Late Arrival and Late Cancellation (ATTACHMENT 37)*
28. *Section 511.121. Application for Approval of Experience (ATTACHMENT 38)*
29. *Section 511.122. Acceptable Work Experience (ATTACHMENT 39)*
30. *Section 511.123. Reporting Work Experience (ATTACHMENT 40)*
31. *Section 511.124. Acceptable Supervision (ATTACHMENT 41)*
32. *Section 511.161. Qualifications for Issuance of a Certificate (ATTACHMENT 42)*
33. *Section 511.162. Application for Issuance of the Certificate by Exam After Completion of the CPA Examination (ATTACHMENT 43)*
34. *Section 515.4. License Expiration (ATTACHMENT 44)*
35. *Section 515.8. Retired or Disability Status (ATTACHMENT 45)*

XII. Mr. Cavazos reviewed the meeting schedule for the year.

XIII. Mr. Cavazos adjourned the meeting at 12:13 p.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

James D. Ingram IV, CPA, Secretary

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

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

³*Mr. Ingram, Mr. Koch, Ms. Sharp, and Ms. Smith recused themselves from participating in this matter.*