

Texas State Board of Public Accountancy

September 16, 2021

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:20 a.m. on September 16, 2021. A notice of this meeting containing all items on the agenda and in accordance with *Section 551.127* of the *Texas Government Code* and the Governor's suspension of certain provisions of *Section 551.127* of the *Government Code* was filed with the Office of the Secretary of State at 2:07 p.m. on September 2, 2021. (TRD #2021-005304) (ATTACHMENT 1)

Board Members Present

Susan I. Adams, CPA
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
Debra S. Sharp
Executive Committee
Member-at-Large
Jeannette P. Smith, CPA
Sheila M. Vallés-Pankratz

Others Present

Erin Smith Bennett
Kenneth Besserman, Esq.
Julie Davis, Esq.
Felicia Farrar, CPA
Patricia Morgan
Jodi Ann Ray
Chris Smith
Larry Stephens, CPA

Staff Present

Paulette Beiter, Esq.
Roel Cantu
Ismael Castillo
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
Marissa Mahoney
John Moore, Esq.
Thomas Payne
Julie Prien
Marisa Rios
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.
- II. Mr. Ingram moved to approve the July 15, 2021 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 August 9 (virtual) and September 15, 2021 (video conference and in-person) committee meetings.

August 9, 2021

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
Debra S. Sharp

Others Present

Chris Smith

Staff Present

Roel Cantu
Alan Hermanson, CPA
J. Randel Hill, Esq.
Marisa Rios
William Treacy

- Mr. Koch moved to ratify the following professional service contracts for FY 2022. Ms. Friel seconded the motion and it passed unanimously.

FY 2022:

Peer Review Oversight Board¹:

| | | |
|-----------------------------|------------------|----------|
| 1. Tom Akin, CPA | 3/1/21 – 8/31/22 | \$26,400 |
| 2. John Michael Waters, CPA | 3/1/21 – 8/31/22 | \$26,400 |
| 3. Robert Goldstein, CPA | 3/1/21 – 8/31/22 | \$26,400 |

Technical Standards Review Committee consultants:

| | | |
|------------------------------|------------------|----------|
| 1. Belen Briones, CPA | 9/1/21 – 8/31/22 | \$5,000 |
| 2. Harper & Pearson, Co., PC | 9/1/21 – 8/31/22 | \$50,000 |
| 3. Peter DelVecchia | 9/1/21 – 8/31/22 | \$10,000 |

Independent consultant contract² (SOAH litigation):

| | | |
|---------------------------|------------------|-----------|
| Dubose, Bryant & Campbell | 9/1/21 – 8/31/22 | \$110,000 |
|---------------------------|------------------|-----------|

Tax:

| | | |
|--------------------|------------------|----------|
| The Dove Firm PLLC | 9/1/21 – 8/31/22 | \$25,000 |
|--------------------|------------------|----------|

| | | |
|--|------------------|----------|
| Office of the Attorney General: | 9/1/21 – 8/31/22 | \$15,000 |
|--|------------------|----------|

State Office of Administrative Hearings:

| | |
|------------------|----------|
| 9/1/21 – 8/31/22 | \$39,087 |
|------------------|----------|

Sponsor Review Program consultants –

The following proposed contracts are for nominal amounts (each are less than \$3,500). The Board may wish to consider publishing a Request for Proposals to provide additional persons the opportunity to serve as Master Reviewers and Reviewers.

Master Reviewers:

| | | |
|-------------------------|------------------|---------------|
| 1. Ron Huntsman, CPA | 9/1/21 – 8/31/22 | \$150.00/hour |
| 2. Mitch Sutherlin, CPA | 9/1/21 – 8/31/22 | \$150.00/hour |

Reviewers:

| | | |
|-------------------------|------------------|---------------|
| 1. David Crumbaugh, CPA | 9/1/21 – 8/31/22 | \$125.00/hour |
| 2. John Jones, CPA | 9/1/21 – 8/31/22 | \$125.00/hour |
| 3. Connie Kelly, CPA | 9/1/21 – 8/31/22 | \$125.00/hour |
| 4. Tim Madrigal, CPA | 9/1/21 – 8/31/22 | \$125.00/hour |

September 15, 2021

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
Debra S. Sharp

Others Present

Renee D. Foshee, Esq., CPA
Chris Smith

Staff Present

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

- A. Mr. Koch, moved to approve the Board's financial statements as presented. Ms. Espinoza-Riley seconded the motion and it passed unanimously.

Extension of existing contracts effective March 1, 2021

This outside counsel contract has been reviewed and approved by the Office of the Attorney General in accordance with *Section 402.0212* of the *Texas Government Code* and *Section 901.164* of the *Public Accountancy Act*.

B. Fiscal Matters:

- Mr. Koch, Treasurer, moved to approve the Board's fee schedule as outlined for FY 2022. Ms. Holup seconded the motion and it passed unanimously.

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

- NASBA dates of interest:
 - Mr. Treacy reported that NASBA's 114th NASBA Annual Meeting will be held virtually with dates to be determined.

D. Mr. Cavazos reported on general correspondence coming to the Board's attention.

E. Mr. Cavazos asked members to select dates for Committee and Board meeting for CY 2022.

V. Ms. Friel, Rules Committee Chair, reported on the September 15, 2021 (video conference and in-person) Rules Committee meeting.

Members Present

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

Others Present

Kenneth Besserman, Esq.
James D. Ingram IV, CPA
Benjamin Peña, CFE, CPA
Jody Ann Ray
Debra D. Seefeld, CPA
Chris Smith

Staff Present

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

A. Ms. Friel moved to not publish in the *Texas Register* the proposed changes to *Rules 523.132* or readopt *Rules 523.144-523.147* until such time as the Governor's Office has had an opportunity to review those rules for compliance with anti-trust law. All the other rules in this agenda item are readopted or authorized for publication in the *Texas Register* with changes for public comment. Mr. Koch seconded the motion and it passed unanimously. **(ATTACHMENT 2)**

B. Ms. Friel reported that the committee had reviewed Board *Rule 527.9(c) (Procedures for a Sponsoring Organization)* and decided to table any action.

C. Ms. Friel informed the Board that the next committee meeting will be held November 10, 2021 at 1:30 p.m.

VI. Ms. Foshee, Qualifications Committee Chair, reported on the department's following activities:

1. Qualifications Stats
2. Fifth Year Accounting Students Scholarship Program
3. Upcoming presentations at colleges and universities
4. CPA Evolution Survey
5. NASBA on the Candidate Performance Report on the CPA Examination 2021 Q-2

VII. Mr. Ingram, Continuing Professional Education Committee Chair, reported on the August 24, 2021 virtual committee meeting:

Members Present

Manuel Cavazos IV, Esq., CPA
ex officio
Olivia Espinoza-Riley, CPA
Renee Foshee, Esq., CPA
Jamie D. Grant
Kelly Hunter, CPA
James D. Ingram IV, CPA
Benjamin C. Simiskey, CPA

Others Present

Anice Asberry
Kenneth Besserman, Esq.
Julie Davis, Esq.
Jodi Ann Ray
Chris Smith

Staff Present

Paulette Beiter, Esq.
Roel Cantu
J. Randel Hill, Esq.
April Serrano
William Treacy
Daniel Weaver

- A. Mr. Ingram reported the committee reviewed and considered the following ethics course materials authored by:
1. Stacy Conrad, CPA and Frank Castillo, CPA titled: *A CPA's Accelerated Guide: Ethics for Texas CPAs*. Mr. Ingram moved to tentatively approve authorization for use, pending completion of required modifications. Ms. Smith seconded the motion and it passed unanimously.
 2. Imtiaz Munshi, CPA and Albert D. Spalding Jr., Ph.D. titled: *Professional Ethics and Code of Conduct for Texas CPAs*. Mr. Ingram moved to approve the course for use as presented. Ms. Smith seconded the motion and it passed unanimously.
- B. Mr. Ingram informed the Board that the committee had reviewed *Chapter 523 (Continuing Professional Education)* in compliance with the Board's rule review requirement. The committee forwarded its proposed amendments to the Rules Committee for their consideration.
- VIII. Mr. Grant, Licensing Committee Chair, reported on the department's activities regarding the fingerprinting progress.
- IX. Ms. Sharp, Constructive Enforcement Committee Chair, reported on the Board's Unauthorized Practice of Public Accountancy Program. The next CEC meeting will take place the week of October 25th and an update will be provided at the next Board meeting.
- X. Mr. Ingram, Behavioral Enforcement Committee Chair, reported on the following virtual committee meeting:

August 18, 2021

Members Present

Susan I. Adams, CPA
Charles B. Allison, CPA
Patricia C. Culver, CPA
Patrick Durio, CPA
Jill A. Holup

James D. Ingram IV, CPA
Phillip D. Johnson, CPA
Kevin J. Koch, CPA
Debra Sharp
Jeannette P. Smith, CPA

Staff Present

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

- A. Ms. Friel moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Mr. Grant seconded the motion and it passed. The BEC Board members did not participate in the vote.
1. Investigation Nos. 21-06-03L¹ and 21-06-04L¹
 2. Investigation Nos. 21-07-03L¹ and 21-07-04L¹
 3. Investigation Nos. 21-06-05L¹ and 21-06-06L¹
 4. Investigation No. 21-06-02L¹
 5. Investigation Nos. 21-05-06L¹ and 21-05-07L¹
- B. Other – The committee considered four other matters during this meeting; however, these matters did not require Board action at this time.
- XI. Ms. Seefeld, Technical Standards Review Committee Chair, reported on the following virtual committee meeting:

July 28, 2021

Members Present

Debra Seefeld, CPA
Kelly Aimone, Esq.
Ray Garcia, CPA
Dilliana Stewart, CPA
Sheila Vallés-Pankratz
Jamie Grant
Robert McAdams, CPA
Juliet Williams, CPA

Members Absent

Roselyn Morris, PhD, CPA
Lisa Friel, CPA

Staff Present

J. Randel (Jerry) Hill, Esq.
John Moore, Esq.

- Ms. Seefeld reported that the committee considered two matters during its meeting; however, these matters do not require Board action at this time.

- XII. Mr. Hill, General Counsel, reported on the status of the Enforcement Division's probation and limited scope monitoring program.
- XIII. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **Agreed Consent Order:**

Behavioral Enforcement Committee

Ms. Espinoza-Riley moved to approve the following ACO as presented. Ms. Vallés-Pankratz seconded the motion and it passed. The BEC Board members did not participate in the vote.

- | | | | |
|-----------------------------|-----------------------------------|-------------------------|--------------------|
| • Investigation No.: | 21-03-12L | Hometown: | El Paso, TX |
| Respondent: | Ruth Lydia Elizondo Pavon | Certificate No.: | 094007 |
| Rule Violations: | 501.76, 501.81, 501.90(12) | | |
| Act Violation: | 901.502(6) | | |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay a \$2,500 administrative penalty and \$529.72 in administrative costs within 30 days of the date of the Board Order. Respondent failed to provide copies of client records upon request, failed to respond to a client's inquiries and practiced public accountancy through an unregistered entity.¹

Technical Standards Review Committee

- Mr. Koch moved to table **Investigation Nos. 15-03-28L** and **15-03-29L**. Ms. Friel seconded the motion and it passed unanimously.

B. **Administrative Disciplinary Actions:**

Mr. Koch moved to approve the following Disciplinary Actions as presented. Ms. Vallés-Pankratz 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

21-04-10001 – 21-04-10068
21-05-10001 – 21-05-10064

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

21-04-10069 – 21-04-10244
21-05-10065 – 21-05-10269

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

21-04-10245 – 21-04-10264

21-05-10270 – 21-05-10291

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

1. *Section 515.3 (License Renewals for Individuals and Firm Offices)* **(ATTACHMENT 6)**
2. *Section 515.11 (Licensing for Military Service Members, Military Veterans, Military Spouses)* **(ATTACHMENT 7)**
3. *Section 527.2 (Definitions)* **(ATTACHMENT 8)**

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

XVI. Mr. Cavazos adjourned the meeting at 11:20 a.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

James D. Ingram IV, CPA, Secretary

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