

Texas State Board of Public Accountancy

March 17, 2022

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 12:15 p.m. on March 17, 2022. 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 8:49 a.m. on March 4, 2022. (TRD #2022-001373) (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
Himesh M. Gandhi, Esq.
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

Robert D. Goldstein
Jodi Ann Ray
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.
Brian O'Neal
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 January 13, 2022 Board meeting minutes as presented. Ms. Vallés-Pankratz 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 16, 2022 (video conference and in-person) committee meeting.

Members Present

Manuel Cavazos IV, Esq.,
CPA (in-person)
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

Charles Cooley, CPA
Renee Foshee, Esq., CPA

Staff Present

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

- A. Mr. Gandhi moved to approve the Board's financial statements as presented. Ms. Espinoza-Riley seconded the motion and it passed unanimously.
- B. Mr. Koch, Treasurer, reported on the Board's Budget Plan for FY 2023. Additional information will be presented at the May 2022 Board Meeting and at the July 2022 Board Meeting for final approval. He also reported that the committee directed that the budget projections include an inflation factor of 5% for those budget items subject to inflation for FY 2023 and an increase factor of 2% for each year thereafter through FY 2027.

- C. Ms. Sharp moved to approve the following professional services contract amendment and new contract as presented. Ms. Espinoza-Riley seconded the motion and it passed unanimously.

Technical Standards Review Committee

- Peter DelVecchia 9/1/21 – 8/31/22 \$15,000
(Increase contract by \$15,000 from \$15,000 to \$30,000)

FY 2022 – 2023

Behavioral Enforcement Committee

- Carolyn Dove 3/17/22 – 8/31/23 \$20,000
(Pending approval of the Attorney General's office)

- D. Mr. Cavazos and Mr. Treacy reported on NASBA/AICPA matters:

1. NASBA dates of interest:

- a. 40th Annual Conference for Executive Directors and Board Staff - April 25-27, 2022 – Clearwater Beach, FL
- b. 27th Annual Conference for Board of Accountancy Legal Counsel - April 25 – 27, 2022 – Clearwater Beach, FL
- c. Western Regional Meeting - June 7-9, 2022 – Colorado Springs, CO
- d. 115th NASBA Annual Meeting - October 30 – November 2, 2022 – San Diego, CA (tentative)

2. Mr. Treacy reported on Ms. Seefeld's NASBA committee appointment to the Audit Committee.

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

- V. Mr. Koch, Rules Committee Member and serving as interim chair, reported on the March 16, 2022 (video conference and in-person) 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 (in-person)

Others Present

Debra D. Seefeld, CPA

Staff Present

Roel Cantu
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
John Moore, Esq.
Brian O'Neal
Thomas Payne
Marisa Rios
William Treacy

- A. Ms. Espinoza-Riley moved that the Board authorize the executive director to publish the proposed **NEW** Board Rule 507.9 (*Sick Leave Pool and Family Leave Pool*) in the *Texas Register* for public comment. Ms. Smith seconded the motion and it passed unanimously. (**ATTACHMENT 2**)
- B. Mr. Ingram moved that the Board authorize the executive director to publish the proposed revisions to Board Rules 511.53 (*Evaluation of International Education Documents*), 511.54 (*Recognized Texas Community Colleges*), 511.56 (*Educational Qualifications under the Act*), and 520.3 (*Institutions*). Ms. Foshee seconded the motion and it passed unanimously. He also stated that Board Rule 511.59 (*Definition of 150 Semester Hours*) was tabled and no action was taken at this time. (**ATTACHMENT 3**)
- C. Mr. Koch reported that the Governor's Office, Division of Regulatory Responsibility, determined that the following rules were within the Board's authority and consistent with state policy. Since the Board is an agency composed of "active market" participants, federal law requires that the adoption of its rules be "actively supervised" by a third party. The Governor's Office review satisfies this requirement and provides the Board with the protection of 'state action immunity' from anti-trust laws.

1. *Rule 523.132 (Board Contracted Ethics Instructors)*
 2. *Rule 512.144 (Board Registered CPE Sponsors)*
 3. *Rule 523.145 (Obligations of the Sponsor)*
 4. *Rule 523.146 (Registry of NASBA CPE Sponsors)*
 5. *Rule 523.147 (Sponsor Review Program)*
- D. Ms. Vallés-Pankratz moved to authorize the executive director to published the proposed revisions to Board Rules 527.3 (*Standards for Peer Reviews and Sponsoring Organizations*), 527.4 (*Enrollment and Participation*), 527.7 (*Peer Review Oversight Board*), and 527.9 (*Procedures for a Sponsoring Organization*) in the *Texas Register* for public comment. Ms. Espinoza-Riley seconded the motion and it passed unanimously. **(ATTACHMENT 4)**
- E. Mr. Koch reported that the next Rules Committee meeting was scheduled for May 18, 2022 at 1:30 p.m.
- VI. Ms. Foshee, Qualifications Committee Chair, reported on the March 16, 2022 (video conference and in-person) committee meeting.

Members Present

Manuel Cavazos IV, Esq.,
CPA
Renee D. Foshee, Esq.,
CPA (in-person)
Kevin J. Koch, CPA
Joshua LeBlanc, CPA
Jeannette Smith, CPA
Veronda Willis, CPA

Members Absent

Roselyn Morris, PhD, CPA

Staff Present

Paulette Beiter, Esq.
Gilbert Gutierrez
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Brian O'Neal
Thomas Payne
Marisa Rios
William Treacy

- A. Ms. Foshee reported that the committee reviewed information on the transition policy provided by NASBA.
- B. Ms. Foshee informed the Board that the committee had discussed the declining number of CPA candidates and the impact on Texas candidates in the CPA Exam pipeline. It was suggested that a poll of boards of accountancy be conducted to ascertain the number of candidates who:
1. take at least one section of the CPA Exam
 2. pass one or more sections
 3. pass all sections
 4. complete the certification (licensure) requirements

An additional poll may be taken to determine the boards of accountancy that allow candidates to take the CPA Exam with 120 hours of college credit; the specific number of accounting courses that are required; and the curriculum of the accounting courses.

Ms. Foshee stated that the Texas Higher Education Coordinating Board allowed institution of higher education to hold the STEM designation. Staff was asked to collect information about this designation and report back to the committee.

- C. Ms. Foshee reported that the committee reviewed information that was provided by NASBA regarding the fee increases. Mr. Ingram moved to instruct the staff to draft a letter to NASBA asking that the increases be delayed due to the declining numbers of candidates in the CPA Exam pipeline. Mr. Koch seconded the motion and it passed unanimously.
- D. Ms. Foshee reported that the committee reviewed statistical information on the CPA Exam applications received.
- E. Ms. Foshee reported that the committee reviewed the Fifth-Year Accounting Student Scholarship awards released to educational institutions from September 1, 2021 through January 31, 2022.
- F. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.53 – Evaluation of International Education Documents* and referred its amendments to the Rules Committee for further consideration.

- G. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.54 – Recognized Texas Community Colleges* and referred its amendments to the Rules Committee for further consideration.
 - H. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.56 – Educational Qualifications under the Act* and referred its amendments to the Rules Committee for further consideration.
 - I. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.59 – Definition of 150 Semester Hours* and tabled any action. A task force was established to draft amendments to the rule for consideration at a future meeting. Jennifer Johnson, Joshua LeBlanc, and Veronda Willis volunteered to serve on the task force.
 - J. Ms. Foshee reported that the committee reviewed and considered amendments to Board *520.3 – Institutions* and referred its amendments to the Rules Committee for further consideration.
 - K. Ms. Foshee informed the Board that the committee reviewed Reports of Q4 – 2021 Candidate Performance provided by NASBA.
- VII. Mr. Grant, Licensing Committee Chair, reported on the March 3, 2022 (video conference and in-person) committee meeting.

Members Present

Olivia Espinoza-Riley
Renee D. Foshee, CPA
Jamie D. Grant (in-person)
James D. Ingram IV, CPA
Kathy D. Kabell, CPA
Benjamin Peña, CPA

Others Present

Kenneth Besserman, Esq.
Jodi Ann Ray

Staff Present

Paulette Beiter, Esq.
J. Randel Hill, Esq.
Marissa Mahoney
Marisa Rios
April Serrano
William Treacy
Daniel Weaver

- A. Mr. Grant reported on the department's activities regarding the fingerprinting progress.
 - B. Mr. Grant informed the Board that the committee discussed compliance efforts for *Section 901.169(c)* of the *Act* requiring licensees to submit their fingerprints to the Board. The committee recommended the following:
 - 1. email a reminder letter to be sent at the end of March to the 10,000+ Texas CPAs that have yet to be fingerprinted
 - 2. issue a second letter to be emailed and a hard copy mailed at the end of June to those that remain unfingerprinted at that time
 - 3. after the August 31, 2022 deadline, issue a "Hearing to Suspend" Notice to begin the administrative suspension process used for licensing noncompliance
- VIII. Ms. Sharp, Constructive Enforcement Committee Chair, reported on the Board's Unlicensed Practice of Public Accountancy Program.
- IX. Ms. Seefeld, Peer Review Committee Chair, reported on the February 17, 2022 (video conference and in-person) committee meeting.

Members Present

Douglas Koval, CPA
Laura Lambert, CPA
Robert McAdams, CPA
Benjamin Peña, CPA
Debra D. Seefeld, CPA
(in-person)
Jeannette P. Smith, CPA

Others Present

Thomas Akin, CPA
Kenneth Besserman, Esq.
Charles Cooley, CPA
Jerry Cross, CPA
Robert Goldstein, CPA
Jodi Ann Ray
MaryValerie Reeves, CPA
Mike Waters, CPA

Staff Present

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

- A. Ms. Seefeld reported that the committee heard an organizational overview and update on peer review operations related to an anticipated backlog in peer reviews due to COVID.
 - B. Mr. Ingram moved to accept the 2021 Annual Report from the Peer Review Oversight Board with the recommendation to continue the Texas Society of CPAs as an approved peer review sponsoring organization. Mr. Koch seconded the motion and it passed unanimously.
 - C. Ms. Seefeld reported that the committee reviewed and discussed proposed amendments to *Chapter 527 Peer Review* rules and referred its amendments to the Rules Committee for further consideration.
 - D. Ms. Seefeld informed the Board that the committee reviewed the schedule for the upcoming AICPA Peer Review Committee meetings.
- X. Mr. Ingram, Behavioral Enforcement Committee Chair, reported on the following virtual committee meetings:

January 3, 2022

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 S. Sharp
Jeannette P. Smith, CPA

Staff Present

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

- Mr. Gandhi moved to dismiss **Investigation Nos. 17-09-01L¹ and 17-09-02L¹** based upon voluntary compliance with the *Act* and the *Rules*. Ms. Espinoza-Riley seconded the motion and it passed.

February 23, 2022

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 S. Sharp
Jeannette P. Smith, CPA

Staff Present

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

- A. Mr. Garcia moved to dismiss the following based upon voluntary compliance with the *Act* and the *Rules*. Ms. Vallés-Pankratz seconded the motion and it passed.
 - 1. **Investigation Nos. 21-12-01L¹ and 21-12-02L¹**
 - 2. **Investigation Nos. 21-11-01L¹ and 21-11-02L¹**
 - 3. **Investigation Nos. 21-12-03L¹ and 21-12-04L¹**
 - 4. **Investigation Nos. 21-10-21L¹ and 21-10-22L¹**
 - 5. **Investigation Nos. 22-01-08L¹ and 22-01-09L¹**
 - 6. **Investigation Nos. 21-12-08L¹ and 21-12-09L¹**
 - B. Other – The committee considered three 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.

January 26, 2022

Members Present

Lisa A. Friel, CPA
Ray R. Garcia, CPA
Roselyn Morris, PhD, CPA
Debra D. Seefeld, CPA
Dilliana Stewart, CPA
Sheila M. Vallés-Pankratz
Juliet Williams, CPA

Members Absent

Jamie D. Grant
Robert M. McAdams, CPA

Staff Present

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

- A. Mr. Ingram moved to dismiss **Investigation Nos. 21-10-18L², 21-10-19L², and 21-10-20L²** based on insufficient evidence of a violation of the *Act* or the Board's *Rules*. Mr. Koch seconded the motion and it passed.
- B. Other – The committee considered five other matters during this meeting; however, these matters did not require Board action at this time.
- XII. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **Agreed Consent Order:**

Behavioral Enforcement Committee

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

- | | | | |
|-----------------------------|---|-------------------------|-------------------|
| • Investigation No.: | 22-02-08L | Hometown: | Frisco, TX |
| Respondent: | Bradley Jonathan Harris | Certificate No.: | 086469 |
| Rule Violations: | 501.90(2), 501.90(4) | | |
| Act Violations: | 901.502(2), 901.502(6), 901.502(10), 901.502(11) | | |

Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked. Respondent pleaded guilty to one count of Conspiracy to Commit Health Care Fraud and one count of Health Care Fraud on January 26, 2022 and was sentenced to 159 months in prison.

Technical Standards Review Committee

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

- | | | | |
|------------------------------|----------------------------|-------------------------|----------------------|
| 1. Investigation No.: | 21-08-01L | Hometown: | Arlington, TX |
| Respondent: | Shannon Lynn Greene | Certificate No.: | 056100 |
| Rule Violation: | 501.90(8) | | |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded, assessed an administrative penalty of \$20,000 and administrative costs of \$469.99. Respondent entered into an agreed Cease and Desist Order with the Securities and Exchange Commission. Respondent allegedly failed, as the chief executive officer of a company, to design and maintain proper accounting controls to ensure compliance with generally accepted accounting principles and allegedly failed to properly assess the effectiveness of the disclosure controls and procedures and internal controls over financial reporting for a company.²

- | | | | |
|-------------------------------|--|--------------------------|------------------|
| 2. Investigation Nos.: | 21-10-15L & 21-10-16L | Hometown: | Pharr, TX |
| Respondents: | Melissa Gonzalez & Oscar R. Gonzalez & Associates | Certificate No.: | 070231 |
| | | Firm License No.: | C07484 |
| Rule Violations: | 501.60, 501.73 | | |
| Act Violations: | 901.502(6), 901.502(11) | | |

Respondents entered into an ACO with the Board whereby Respondents were reprimanded, assessed an administrative penalty of \$1,000 and administrative costs of \$411.22. Respondents issued audited financial statements before obtaining a management representation letter and before finalizing financial statements from management.²

B. **Administrative Disciplinary Actions:**

Mr. Koch moved to approve the following Disciplinary Actions as presented. Mr. Ingram 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

21-10-10001 – 21-10-10056
21-11-10001 – 21-11-10063

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 7)*

Investigation Numbers

21-10-10057 – 21-10-10252
21-11-10064 – 21-11-10246

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 8)**

Investigation Numbers

21-10-10253 – 21-10-10272
21-11-10247 – 21-11-10277

C. Proposal for Decision:

Ms. Seefeld moved to approve the following Proposal for Decision as presented. Ms. Foshee seconded the motion and it passed unanimously.

| | | | |
|------------------------------|--|--------------------------|------------------------|
| • Investigation Nos.: | 20-12-01L & 20-12-02L | Hometown: | San Antonio, TX |
| Respondents: | Shena Potter & Shena A. Bassett, CPA, PC (Firm) | Certificate No.: | 045267 |
| | | Firm License No.: | C06283 |
| Rule Violations: | 501.73, 501.90(2), 501.90(9) | | |
| Act Violations: | 901.502(6), 901.502(11) | | |

Respondents failed to respond to an offer of an ACO by the BEC suspending the certificate of Respondent Potter and the firm license of the Respondent firm for a period of three years from the date of the Board Order; requiring Respondent Potter to complete and provide proof of taking four hours of ethics in continuing professional education for each year of the suspension; and assessing Respondents an administrative penalty of \$5,000 and administrative costs of \$910.82 within 30 days of the Board Order. The Board suspended Respondent Potter and the firm license of the Respondent firm for a period of three years from the date of the Board Order; ordered that Respondent Potter be required to complete and provide proof of taking four hours of ethics in continuing professional education for each year of the suspension; and assessed an administrative penalty of \$5,000 and administrative costs of \$910.82 due within 30 days of the Board Order.³

XIII. Mr. Ingram moved to adopt the following Board *Rule* as presented. Ms. Smith seconded the motion and it passed unanimously.

- *Section 523.132 (Board Authorized Ethics Instructors) (ATTACHMENT 9)*

XIV. Mr. Ingram moved to approve the following new slate of officers and executive committee members-at-large. Ms. Foshee seconded the motion and it passed unanimously.

| | |
|----------------------------|-------------------------------------|
| Debra D. Seefeld, CFE, CPA | Assistant Presiding Officer |
| Kevin J. Koch, CPA | Treasurer |
| Jeannette P. Smith, CPA | Secretary |
| Ray R. Garcia, CPA | Executive Committee Member-at-Large |
| Jamie D. Grant | Executive Committee Member-at-Large |
| Debra S. Sharp | Executive Committee Member-at-Large |

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

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

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

Jannette P. Smith, Secretary

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

²Ms. Friel, Mr. Garcia, Mr. Grant, Ms. Seefeld and Ms. Vallés-Pankratz recused themselves from participating in this matter.

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