

# Texas State Board of Public Accountancy

May 19, 2022

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 12:13 p.m. on May 19, 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 12:24 p.m. on May 5, 2022. (TRD #2022-002709) (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  
Ray R. Garcia, CPA  
*Executive Committee*  
*Member-at-Large*  
Jill A. Holup  
James D. Ingram IV, CPA  
Kevin J. Koch, CPA  
*Treasurer*  
Debra D. Seefeld, CPA  
*Assistant Presiding Officer*  
Debra S. Sharp  
*Executive Committee*  
*Member-at-Large*  
Jeannette P. Smith, CPA  
*Secretary*  
Sheila M. Vallés-Pankratz

## Members Absent

Himesh M. Gandhi, Esq.  
Jamie D. Grant  
*Executive Committee*  
*Member-at-Large*  
*excused*

## Others Present

Kenneth Besserman, Esq.  
Charles Cooley, CPA  
Lorna Harrison  
Sean McVey, Esq.  
Jodi Ann Ray  
Molly Spratt  
Mark Vane, Esq.

## Staff Present

Paulette Beiter, Esq.  
Marissa Brooks  
Roel Cantu  
Ismael Castillo  
María Graziani  
Ann Hallam, PMP  
Alan Hermanson, CPA  
J. Randel Hill, Esq.  
Donna Hiller  
Kyle McGaw  
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.

Mr. Koch moved to excuse the absence of Mr. Grant from the Board Meeting. Mr. Ingram seconded the motion and it passed unanimously.

- II. Mr. Ingram moved to approve the March 17, 2022 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. Ms. Seefeld, Assistant Presiding Officer and serving as interim chair, reported on the May 18, 2022 (video conference and in-person) Executive Committee meeting.

## Members Present

Debra D. Seefeld, CPA  
(in-person)  
Ray Garcia, CPA  
Kevin J. Koch, CPA  
Debra S. Sharp  
Jeannette P. Smith, CPA

## Members Absent

Manuel Cavazos IV, Esq., CPA  
*excused*  
Jamie D. Grant  
*excused*

## Others Present

Renee Foshee, Esq., CPA

## Staff Present

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

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

- B. Mr. Koch, Treasurer, reported on the Board's Budget Plan for FY 2023. He also reported that the committee directed that the budget projections include the following:

1. Change the expenditure increase factor from 2% to 5% for fiscal years 2024 through 2027

2. Increase the Peer Review Oversight Board expenditure line item budget in FY 2023 from \$67,837 to \$80,000
  3. Increase the State Office of Administrative Hearings expenditure line item budget in FY 2023 from \$29,562 to \$40,000
  4. Increase the proposed individual license fee increase from \$65 to \$75 in FY 2023
- C. Mr. Treacy reported on the following NASBA/AICPA matters:
1. NASBA dates of interest:
    - a. Report of the 40<sup>th</sup> Annual Conference for Executive Directors and Board Staff - April 25-27, 2022 – Clearwater Beach, FL
    - b. Report of the 27<sup>th</sup> Annual Conference for Board of Accountancy Legal Counsel - April 25 – 27, 2022 – Clearwater Beach, FL – By Mr. Hill
    - c. Western Regional Meeting - June 7-9, 2022 – Colorado Springs, CO
    - d. 115<sup>th</sup> NASBA Annual Meeting - October 30 – November 2, 2022 – San Diego, CA (tentative)
  2. Mr. Treacy reported on correspondence sent to NASBA in support of J. Coalter Baker's nomination as NASBA's vice-chair.
- D. Mr. Cavazos reported on general correspondence coming to the Board's attention.
- E. Ms. Seefeld reported that she will be coordinating the executive director's evaluation process and members will be receiving the evaluation materials to be completed before the next Board meeting.
- V. Mr. Koch, Rules Committee Member and serving as interim chair, reported on the May 18, 2022 (video conference and in-person) committee meeting.

**Members Present**

Manuel Cavazos IV, Esq., CPA  
*ex officio*  
Renee D. Foshee, Esq., CPA  
Lisa A. Friel, CPA  
Ray R. Garcia, CPA  
Kevin J. Koch, CPA (in-person)  
Jeannette P. Smith, CPA

**Members Absent**

Himesh M. Gandhi, Esq.

**Others Present**

Debra D. Seefeld, CPA

**Staff Present**

Paulette Beiter, Esq.  
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  
Daniel Weaver

- A. Ms. Foshee moved that the Board authorize the executive director to publish the proposed revisions to Board Rule 511.59 (*Definition of 150 Semester Hours*) in the *Texas Register* for public comment. Ms. Vallés-Pankratz seconded the motion and it passed unanimously. **(ATTACHMENT 2)**
- B. Mr. Koch reported that the committee discussed the AICPA's Revised interpretation, Unpaid Fees.
- C. Ms. Espinoza-Riley moved that the Board authorize the executive director to publish the proposed revisions to Board Rules 501.90 (*Discreditable Acts*) and 519.9 (*Administrative Penalty Guidelines*) in the *Texas Register* for public comment. Ms. Holup seconded the motion and it passed unanimously. **(ATTACHMENT 3)**
- D. Mr. Koch reported that the next Rules Committee meeting was scheduled for July 20, 2022 at 1:30 p.m.

- VI. Ms. Foshee, Qualifications Committee Chair, reported on the May 18, 2022 (video conference and in-person) committee meeting.

**Members Present**

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

**Members Absent**

Jennifer Johnson, CPA

**Others Present**

Kenneth Besserman, Esq.  
Kizuwanda G. Grant, Ph.D.

**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 received from the AICPA concerning the following infrastructure changes to the CPA Exam:
1. Assessing research and related critical thinking skills
  2. Replacing the Excel spreadsheet with a JavaScript based spreadsheet – *Spread JS*
  3. Removing the Written Communication Task (essay questions)
  4. Eliminating Multistage adaptive testing in the multiple-choice question testlets
- B. Ms. Foshee informed the Board that the committee had reviewed the results from the recent NASB Quick Poll to seek data on candidates who take and pass the CPA Exam through other licensing jurisdictions. A minimal number of responses were received. The committee also requested information on the number of individuals who became Texas CPAs through reciprocity.
- C. Ms. Foshee reported that the committee had reviewed the March 24, 2022 letter sent to NASBA requesting that NASBA, the AICPA, and Prometric reconsider the CPA Exam fee increases for 2022 and 2023. Staff reported that NASBA will be sending a response, however a change to the fee is not anticipated.
- D. Ms. Foshee reported that the committee drafted amendments to Board *Rule 511.59(a)(4) (Definition of 150 Semester Hours)* and forward them to the Rules Committee for its consideration.
- E. Mr. Koch moved to approve a request from Kizuwanda G. Grant, Ph.D., Chief Administrative Officer at Paul Quinn College, for the Board to recognize Paul Quinn College under Board *Rule 511.52 (Recognized Institutions of Higher Education)*. Mr. Ingram seconded the motion and it passed unanimously.
- F. Ms. Foshee informed the Board that the committee considered the EY Career Path Accelerator Program comprised of coursework offered through Hult International Business School. The school is recognized by the New England Commission of Higher Education, an accrediting organization listed in Board *Rule 511.52 (Recognized Institutions of Higher Education)*. Coursework will be shown on official transcripts and therefore may be used to meet the educational requirements for the CPA Exam.
- VII. Ms. Espinoza-Riley, Licensing Committee Chair, reported on the fingerprint progress and on the June 25, 2022 Board Swearing-in Ceremony.
- VIII. Ms. Vallés-Pankratz, Peer Assistance Oversight Committee Chair, reported on the May 18, 2022 (video conference and in-person) committee meeting.

**Members Present**

Susan I. Adams, CPA  
John R. Bruce, CPA  
Manuel Cavazos IV, Esq., CPA  
*ex officio*  
Kathryn C. Sharp, CPA  
Sheila M. Vallés-Pankratz

**Members Absent**

Omolara A. Akinboye, CPA

**Others Present**

Craig Nauta

**Staff Present**

Paulette Beiter, Esq.  
J. Randel Hill, Esq.  
Donna Hiller  
William Treacy

- A. Mr. Koch moved to increase the annual award to the TXCPA for the peer review assistance program from \$107,000 to \$134,253. Mr. Garcia seconded the motion and it passed unanimously.
  - B. Ms. Vallés-Pankratz reported that the committee reviewed sample letters used by Board staff to refer CPA applicants and current licensees to ACAN for consideration and possible improvement and suggestions received were incorporated and the clarity of the letters were improved.
  - C. Ms. Vallés-Pankratz reported on the recent trends and cases considered by the Behavioral Enforcement Committee involving ACAN referrals. The development of a strategic plan to incorporate assistance with mental health issues was also discussed.
  - D. Ms. Vallés-Pankratz informed the Board that the committee had reviewed two recent Quarterly Reports from ACAN.
- IX. Mr. Ingram, Behavioral Enforcement Committee Chair, reported on the following virtual committee meetings:

**April 20, 2022**

**Members Present**

Susan I. Adams, CPA  
Patricia C. Culver, CPA  
Patrick Durio, CPA  
Jill A. Holup  
James D. Ingram IV, CPA  
Kevin J. Koch, CPA  
Debra S. Sharp  
Jeannette P. Smith, CPA

**Members Absent**

Charles B. Allison, CPA  
Phillip D. Johnson, CPA

**Staff Present**

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

- A. Dismissals – Insufficient evidence
    - 1. Ms. Espinoza-Riley moved to dismiss **Investigation Nos. 22-02-01L<sup>1</sup>, 22-02-02L<sup>1</sup>, and 22-02-03L<sup>1</sup>** based upon voluntary compliance with the *Act* and the *Rules*. Ms. Foshee seconded the motion and it passed.
    - 2. Ms. Foshee moved to dismiss **Investigation Nos. 21-10-05L<sup>1</sup> and 21-10-06L<sup>1</sup>** based upon voluntary compliance with the *Act* and the *Rules*. Ms. Friel seconded the motion and it passed.
  - B. Other – The committee considered seven other matters during this meeting; however, these matters did not require Board action at this time.
- X. Ms. Seefeld, Technical Standards Review Committee Chair, reported on the following virtual committee meeting.

**March 30, 2022**

**Members Present**

Lisa A. Friel, CPA  
Ray R. Garcia, CPA  
Jamie D. Grant  
Robert M. McAdams, CPA  
Roselyn Morris, Ph.D., CPA

Debra D. Seefeld, CPA  
Dilliana Stewart, CPA  
Sheila M. Vallés-Pankratz  
Juliet Williams, CPA

**Staff Present**

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

- A. Reinstatement of certificate with limitation of scope.
  - 1. Mr. Koch moved to reinstate **Investigation No. 08-04-05L<sup>2</sup>** with a limitation of scope. Ms. Smith seconded the motion and it passed.
  - 2. Mr. Koch moved to reinstate **Investigation No. 13-11-16L<sup>2</sup>** with a limitation of scope. Ms. Sharp seconded the motion and it passed.

- B. Other – The committee considered six other matters during this meeting; however, these matters did not require Board action at this time.
- XI. The Board took the following actions on agreed consent orders (ACOs), administrative disciplinary actions, proposals for decision, and motion for rehearing:

A. **Agreed Consent Order:**

**Behavioral Enforcement Committee**

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

- |    |                            |  |                          |                  |
|----|----------------------------|--|--------------------------|------------------|
| 1. | <b>Investigation Nos.:</b> | <b>21-09-45L &amp; 21-09-46L</b>   | <b>Hometown:</b>         | <b>Piano, TX</b> |
|    | <b>Respondents:</b>        | <b>Charles Jefferson Pickering<br/>&amp; Charles Jefferson Pickering</b> | <b>Certificate No.:</b>  | <b>058660</b>    |
|    | <b>Rule Violations:</b>    | <b>501.74(b), 501.90(12)</b>   | <b>Firm License No.:</b> | <b>T01162</b>    |
|    | <b>Act Violation:</b>      | <b>901.502(6)</b>  |                          |                  |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded, agreed to reimburse Complainant \$490, and assessed administrative costs of \$625.59 to be paid within 30 days of the date of the Board Order. Respondent filed a tax return for a client without the client's approval and failed to respond to a client's inquiry within a reasonable time.<sup>3</sup>

- |    |                           |   |                         |                   |
|----|---------------------------|---|-------------------------|-------------------|
| 2. | <b>Investigation No.:</b> | <b>22-03-02L</b>  | <b>Hometown:</b>        | <b>Austin, TX</b> |
|    | <b>Respondent:</b>        | <b>Pamela Leming Corn</b>                               | <b>Certificate No.:</b> | <b>032070</b>     |
|    | <b>Rule Violations:</b>   | <b>501.90(2), 501.90(4)</b>                             |                         |                   |
|    | <b>Act Violations:</b>    | <b>901.502(2), 901.502(6), 901.502(10), 901.502(11)</b> |                         |                   |

Respondent entered into an ACO with the Board whereby Respondent's certificate was revoked. Respondent pleaded guilty to one count of Wire Fraud and was sentenced to five years of probation and ordered to pay \$784,800 in restitution.

**Technical Standards Review Committee**

Mr. Ingram 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. | <b>Investigation No.:</b> | <b>21-10-10L</b>                           | <b>Hometown:</b>        | <b>Austin, TX</b> |
|    | <b>Respondents:</b>       | <b>Thomas P. Donovan</b>                   | <b>Certificate No.:</b> | <b>040410</b>     |
|    | <b>Rule Violation:</b>    | <b>501.90(8)</b>                           |                         |                   |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(8), 901.502(11)</b> |                         |                   |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and placed on limited scope status for a period of two years from the date of the PCAOB Order and assessed an administrative penalty of \$15,000 payable in three yearly installments of \$5,000 to begin 30 days after the date of the Board Order. Respondent entered into an agreed Cease and Desist Order with the Securities and Exchange Commission. Respondent failed to exercise due care and professional skepticism; failed to obtain sufficient appropriate audit evidence; failed to properly supervise his engagement team members; and improperly used the report of a specialist engaged to evaluate relevant financial statement assertions for oil and natural gas properties. Further, Respondent failed to make appropriate tests of the data provided by an issuer to the specialist; failed to exercise due professional care, including professional skepticism; and to maintain objectivity, while serving as the engagement quality review (EQR) reviewer; and failed to maintain objectivity in performing his EQR by assuming responsibilities of the engagement team. Finally, Respondent violated the EQR standard by providing his concurring approval of issuance for an audit report when he was aware of a significant engagement deficiency in the audit.<sup>2</sup>

- |    |                            |  |                          |                   |
|----|----------------------------|--|--------------------------|-------------------|
| 2. | <b>Investigation Nos.:</b> | <b>21-08-06L and 21-08-07L</b>                                 | <b>Hometown:</b>         | <b>Dallas, TX</b> |
|    | <b>Respondents:</b>        | <b>Edward L. Turner and<br/>Turner, Stone &amp; Co, L.L.P.</b> | <b>Certificate No.:</b>  | <b>018002</b>     |
|    | <b>Rule Violation:</b>     | <b>501.60</b>  | <b>Firm License No.:</b> | <b>P04607</b>     |
|    | <b>Act Violation:</b>      | <b>901.502(6)</b>  |                          |                   |

Respondents entered into an ACO with the Board whereby Respondents were assessed an administrative penalty of \$2,500 and administrative costs of \$1,725.26 to be paid within 30 days of the date of the Board Order. In addition, all partners and employees of the Respondent Firm that work on employee benefit plans (EBP) shall complete eight hours of continuing professional education in EBP audit documentation by the end of August 2022, the month that Respondent Firm renews its license. Respondents issued audited financial statements for an employee benefit plan that failed to meet professional standards.<sup>2</sup>

- |    |                           |  |                         |                   |
|----|---------------------------|--|-------------------------|-------------------|
| 3. | <b>Investigation No.:</b> | <b>21-12-06L</b>                           | <b>Hometown:</b>        | <b>Dallas, TX</b> |
|    | <b>Respondent:</b>        | <b>Cheryl L. Gore</b>                      | <b>Certificate No.:</b> | <b>063764</b>     |
|    | <b>Rule Violations:</b>   | <b>501.60, 501.90(7)</b>                   |                         |                   |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(9), 901.502(11)</b> |                         |                   |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded, her practice limited, and assessed an administrative penalty of \$20,000 and administrative costs of \$1,020.39 to be paid within 30 days of the date of the Board Order. Respondent is limited from being associated with a registered firm before the Public Company Accounting Oversight Board (PCAOB) for a period of at least one year from the date of the PCAOB order in PCAOB Release No. 105-2021-0200 dated December 14, 2021. If Respondent petitions the PCAOB to lift the aforementioned bar, and that petition is granted, Respondent is limited in 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 lifting of the bar under the conditions outlined by the PCAOB. Respondent must also notify the Board of completion of the additional 40 hours of continuing professional education as required under the aforementioned PCAOB order within 30 days of completion of the continuing professional education. The Respondent consented to an order in PCAOB Release No. 105-2021-020, styled *In the Matter of Cheryl L. Gore, CPA, Respondent*, dated December 14, 2021. The PCAOB found that Respondent failed to comply with PCAOB rules and auditing standards in connection with the audits of financial statements of an issuer regulated by the PCAOB for the year ended December 31, 2016 ("2016 Audit") and the restated financial statements for the same period ("Reinstatement Audit"). The PCAOB found that during the audits, Respondent, as the engagement partner for a firm failed to exercise due professional care, including professional skepticism, and failed to obtain sufficient appropriate audit evidence in connection with an issuer's identification, accounting, and disclosure of related party relationships and transactions.<sup>2</sup>

- |    |                           |  |                         |                        |
|----|---------------------------|--|-------------------------|------------------------|
| 4. | <b>Investigation No.:</b> | <b>21-12-05L</b>                           | <b>Hometown:</b>        | <b>Friendswood, TX</b> |
|    | <b>Respondent:</b>        | <b>Stanley R. Langston</b>                 | <b>Certificate No.:</b> | <b>042545</b>          |
|    | <b>Rule Violations:</b>   | <b>501.60, 501.90(7)</b>                   |                         |                        |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(9), 901.502(11)</b> |                         |                        |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded, assessed an administrative penalty of \$10,000 and administrative costs of \$1,196.17 to be paid within 30 days of the date of the Board Order. Respondent is limited in his activities in connection with any "audit" as that term is defined in Section 110(1) of the Sarbanes-Oxley Act in relation to any role as an engagement quality reviewer as outlined in PCAOB Release No. 105-2021-020, styled *In the Matter of Stanley R. Langston, CPA, Respondent*, dated December 14, 2021 for a period of one year from the date of the PCAOB order. The Respondent consented to an order in PCAOB Release No. 105-2021-020, styled *In the Matter of Stanley R. Langston, CPA, Respondent*, dated December 14, 2021. The PCAOB found that Respondent failed to comply with PCAOB rules and auditing standards in connection with the audits by a firm of the financial statements of an issuer regulated by the PCAOB for the year ended December 31, 2016 ("2016 Audit") and the restated financial statements for the same period ("Reinstatement Audit"). The PCAOB found that during the audits, Respondent, as the engagement quality reviewer (EQR) for a firm, failed to evaluate properly the significant judgments made by the engagement partner and the engagement teams with respect to unrecorded and/or undisclosed related party transactions that were identified as fraud risks.<sup>2</sup>

- |    |                           |  |                          |                  |
|----|---------------------------|--|--------------------------|------------------|
| 5. | <b>Investigation No.:</b> | <b>21-12-07L</b>                           | <b>Hometown:</b>         | <b>Plano, TX</b> |
|    | <b>Respondent:</b>        | <b>SS Accounting &amp; Auditing, Inc.</b>  | <b>Firm License No.:</b> | <b>C10697</b>    |
|    | <b>Rule Violations:</b>   | <b>501.60, 501.90(7)</b>                   |                          |                  |
|    | <b>Act Violations:</b>    | <b>901.502(6), 901.502(9), 901.502(11)</b> |                          |                  |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and assessed an administrative penalty of \$500 and administrative costs of \$855.36 to be paid within 30 days of the date of the Board Order. Respondent consented to an order in PCAOB Release No.

105-2021-019, styled *In the Matter of SS Accounting & Auditing, Inc., Respondent*, dated December 14, 2021. The PCAOB found that Respondent failed to comply with PCAOB rules and auditing standards in connection with the audits of financial statements of an issuer regulated by the PCAOB. The PCAOB found that Respondent failed to file the required form AP, *Auditor Reporting of Certain Audit Participants*, as required by PCAOB rules and standards.<sup>2</sup>

- |    |  |   |  |                                     |
|----|--|---|--|-------------------------------------|
| 6. | <b>Investigation No.:</b><br><b>Respondent:</b><br><br><b>Rule Violation:</b><br><b>Act Violation:</b> | <b>18-06-13L</b><br><b>LaPorte CPAs and</b><br><b>Business Advisors</b><br><b>501.60</b><br><b>901.502(6)</b> | <b>Hometown:</b><br><b>Firm License No.:</b> | <b>Houston, TX</b><br><b>C08020</b> |
|----|--|---|--|-------------------------------------|

---

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and assessed an administrative penalty of \$275,000 and administrative costs of \$28,485.45 to be paid within 30 days of the date of the Board Order. Respondent failed to meet professional standards in its audits of a private investment fund.<sup>2</sup>

- |    |  |   |   |  |
|----|--|---|---|--|
| 7. | <b>Investigation Nos.:</b><br><b>Respondents:</b><br><br><b>Rule Violations:</b> | <b>21-08-08L &amp; 21-08-09L</b><br><b>James L. McClain and</b><br><b>James L. McClain (Firm)</b><br><b>501.60, 501.61, 527.4, 901.159, 901.502(6), 901.502(11)</b> | <b>Hometown:</b><br><b>Certificate No.:</b><br><b>Firm License No.:</b> | <b>Houston, TX</b><br><b>023606</b><br><b>S05169</b> |
|----|--|---|---|--|

---

Respondents entered into an ACO with the Board whereby Respondents' certificate and licenses were revoked, and Respondents were assessed an administrative penalty of \$5,000 and administrative costs of \$1,344.14. Respondents issued audited financial statements which did not meet professional standards, without the Respondent firm being enrolled in a peer review program, and in violation of a previous Board order.<sup>2</sup>

#### 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 4)

##### Investigation Numbers

21-12-10001 – 21-12-10069  
22-01-10001 – 22-01-10059

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 5)

##### Investigation Numbers

21-12-10070 – 21-12-10260  
22-01-10060 – 22-01-10229

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 6)

**Investigation Numbers**

21-12-10261 – 21-12-10283  
22-01-10230 – 22-01-10255

C. **Proposal for Decision:**

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

- |                              |   |                          |                   |
|------------------------------|---|--------------------------|-------------------|
| • <b>Investigation Nos.:</b> | <b>21-04-01L &amp; 21-04-02L</b>                                      | <b>Hometown:</b>         | <b>Frisco, TX</b> |
| <b>Respondents:</b>          | <b>Christopher Edwin Knauth and Knauth &amp; Company, P.C. (Firm)</b> | <b>Certificate No.:</b>  | <b>067201</b>     |
|                              |   | <b>Firm License No.:</b> | <b>C10838</b>     |
| <b>Rule Violations:</b>      | <b>501.60, 501.90(8)</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 TSR Committee revoking the certificate of Respondent Knauth and the firm license of the Respondent; and assessing Respondents an administrative penalty of \$20,000 and administrative costs of \$970.00 within 30 days of the Board Order. A hearing under Board *Rule 519.24(f)* was held before the Executive Director of the Board on March 7, 2022. The Board ordered the certificate of Respondent Knauth and the firm license of the Respondent firm be revoked and Respondents be assessed an administrative penalty of \$20,000 and administrative costs of \$980.55 to be paid within 30 days of the date of the Board Order.<sup>2</sup>

D. **Motion for Rehearing:**

Ms. Seefeld moved to approve the following Motion for Rehearing as presented. Ms. Espinoza-Riley seconded the motion and it passed unanimously.

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

On February 28, 2022, the Executive Director of the Board issued a Proposal For Decision (PFD) under Board *Rule 519.24(f)* finding that Respondent violated the Board's *Rules* and the *Public Accountancy Act*. The Executive Director recommended in the PFD that Respondents' certificate and firm license be suspended for a period of three years and that Respondent be assessed an administrative penalty of \$5,000 and \$2,260.82 in administrative costs. The Board took action at the March 17, 2022 Board meeting to suspend the license of Shena Potter. Subsequent to the Board's action at its March 17, 2022 meeting, the staff has determined that the notice provided Respondent prior to Respondent's hearing before the Executive Director did not provide the required 21 days notice of hearing. The Board approved Respondent's Motion for Rehearing and the Board's Order of March 17, 2022 suspending Respondent's licenses is vacated.<sup>4</sup>

- XII. Mr. Koch moved to adopt the following Board *Rules* as presented. Mr. Ingram seconded the motion and it passed unanimously.

1. *Section 507.9 concerning Sick Leave Pool and Family Leave Pool (ATTACHMENT 7)*
2. *Section 511.53 concerning Evaluation of International Education Documents (ATTACHMENT 8)*
3. *Section 511.54 concerning Recognized Texas Community Colleges (ATTACHMENT 9)*
4. *Section 511.56 concerning Educational Qualifications under the Act (ATTACHMENT 10)*
5. *Section 520.3 concerning Institutions (ATTACHMENT 11)*



6. *Section 527.3 concerning Standards for Peer Reviews and Sponsoring Organizations (ATTACHMENT 12)*
  7. *Section 527.4 concerning Enrollment and Participation (ATTACHMENT 13)*
  8. *Section 527.7 concerning Peer Review Oversight Board (ATTACHMENT 14)*
  9. *Section 527.9 concerning Procedures for a Sponsoring Organization (ATTACHMENT 15)*
- XIII. Mr. Cavazos reviewed the meeting schedule for the year.
- XIV. Mr. Cavazos adjourned the meeting at 12:13 p.m.

**ATTEST:**

---

Manuel Cavazos IV, Esq., CPA, Presiding Officer

---

Jeannette P. Smith, Secretary

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

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

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

<sup>4</sup>Mr. Ingram, Mr. Koch, Ms. Sharp and Ms. Smith recused themselves from participating in this matter.