

Texas State Board of Public Accountancy

July 21, 2022

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 12:04 p.m. on July 21, 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 2:33 p.m. on July 7, 2022.
(TRD #2022-004029) (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
Jamie D. Grant
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.
excused
Ray R. Garcia, CPA
Executive Committee
Member-at-Large
excused

Others Present

Annie Atkinson,
Kenneth Besserman, Esq.
Charles Cooley, CPA
Lorna Harrison
A. Larsson
Jodi Ann Ray
MaryValerie Reeves, CPA

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Ismael Castillo
Rhonda Fellner
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
John Moore, Esq.
Brian O'Neal
Julie Prien
Marisa Rios
Lorna Schwimmer-Staggs,
CPA
Lori Shaw
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. Ingram moved to excuse the absence of Mr. Gandhi and Mr. Garcia from the Board Meeting. Mr. Koch seconded the motion and it passed unanimously.

- II. Mr. Koch moved to approve the May 19, 2022 Board meeting minutes as presented. Ms. Espinoza-Riley seconded the motion and it passed unanimously.

- III. After a call for public comments, there were no comments from the public.

- IV. Mr. Cavazos, Presiding Officer, reported on the July 20, 2022 (video conference and in-person) Executive Committee meeting.

Members Present

Manuel Cavazos IV, Esq.,
CPA (in-person)
Debra D. Seefeld, CPA
(in-person)
Ray Garcia, CPA
Jamie D. Grant
Kevin J. Koch, CPA
(in-person)
Debra S. Sharp
Jeannette P. Smith, CPA

Others Present

Annie Atkinson
Kenneth Besserman
Charles Cooley, CPA
Robert D. Goldstein, CPA
MaryValerie Reeves, CPA

Staff Present

Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs,
CPA
Lori Shaw
William Treacy
Daniel Weaver

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

B. Budget Plan for FY 2023:

1. Ms. Friel moved to approve the Board's FY 2023 budget to include an increase in the annual individual license fee from \$60 to \$75 effective September 1, 2022. Mr. Grant seconded the motion and it passed unanimously.
2. Ms. Foshee moved to approve the FY 2023 scholarship allocation in the amount of \$1,000,000. Ms. Sharp seconded the motion and it passed unanimously.

C. Consideration of FY 2023 professional service contracts:

1. Ms. Sharp moved to approve the following professional services contracts. Ms. Espinoza-Riley seconded the motion and it passed unanimously. Mr. Koch recused himself from consideration of the contract with Tom Akin, CPA.

Peer Review Oversight Board

1. Tom Akin, CPA	9/1/22 – 8/31/23	\$26,400
2. John Michael Waters, CPA	9/1/22 – 8/31/23	\$26,400
3. Robert Goldstein, CPA (Fees \$24,000; Travel \$2,400)	9/1/22 – 8/31/23	\$26,400

2. Mr. Koch moved to approve the following professional services contracts as presented. Ms. Smith seconded the motion and it passed unanimously.

Technical Standards Review Committee consultants:

1. Belen Briones, CPA	9/1/22 – 8/31/23	\$5,000
2. Harper & Pearson, Co., PC	9/1/22 – 8/31/23	\$50,000
3. Peter DelVecchia	9/1/22 – 8/31/23	\$10,000

Office of the Attorney General: 9/1/22 – 8/31/23 \$15,000

State Office of Administrative Hearings: 9/1/22 – 8/31/23 \$39,087

Continuation of existing contract:

The Dove Firm PLLC 9/1/22 – 8/31/23 \$25,000

- D. Mr. Koch moved to approve an existing contract with the Dove Firm and to add the firm of Leon Alcala, PLLC for attorney consultants. Mr. Ingram seconded the motion and it passed unanimously.

- E. Mr. Treacy reported on the following NASBA/AICPA matters:

- NASBA dates of interest:
 - a. Western Regional Meeting - June 7-9, 2022 – Colorado Springs, CO
 - b. 115th NASBA Annual Meeting - October 30 – November 2, 2022 – San Diego, CA (tentative)

- F. Mr. Cavazos presented the Board's Committee and Board meeting dates for CY 2023.

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

- H. Mr. Cavazos reported that the committee went into executive session at 2:52 p.m. in order to conduct the annual performance evaluation of the executive director and possible discussion and action following executive session. The committee reconvened into open session at 4:18 p.m and no action was taken.

V. Executive Session

At 11:21 a.m., Mr. Cavazos announced that the Board was going into Executive Session in order to conduct the annual performance evaluation of the executive director pursuant to *Section 551.074(a)(1) of the Open Meetings Act*.

At 12:03 p.m., Mr. Cavazos announced in Open Session that the Board was coming out of Executive Session. In open meeting, Mr. Ingram moved to increase the executive director's salary to \$200,000 effective August 1, 2022 and a one-time salary adjustment of \$15,000 effective July 1, 2022. Mr. Koch seconded the motion and it passed unanimously.

- VI. Ms. Espinoza-Riley, Licensing Committee Chair, reported on the fingerprint progress. She also reported that the committee will meet in October.
- VII. Ms. Adams, Constructive Enforcement Committee Chair, reported on the June 14, 2022 (video conference and in-person) committee meeting.

Members Present

Susan I. Adams, CPA
Connie B. Clark, CPA
Jesus Davila, CPA
Debra Sharp

Members Absent

Roselyn M. Morris, PhD, CPA
Jeannette P. Smith, CPA

Others Present

Kenneth Besserman, Esq.
Gary D. McIntosh, CPA
Jodi Ann Ray

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
J. Franco
J. Randel Hill, Esq.
John Moore, Esq.
Thomas Payne
Marisa Rios
William Treacy
Daniel Weaver

- A. Ms. Adams stated that Board staff presented an overview and the committee discussed the current Constructive Enforcement process. No action was taken.
- B. Ms. Adams reported that the Board staff will work with the Texas Society of CPAs (TXCPA) in an educational outreach effort, and in seeking the TXCPA's assistance in this constructive enforcement volunteer effort.
- VIII. Mr. Ingram, Behavioral Enforcement Committee Acting-Chair, reported on the following committee meetings:

February 23, 2022 - Virtual

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. Dismissals – Voluntary compliance
- Ms. Espinoza-Riley moved to dismiss **Investigation No. 21-08-11L¹** based upon voluntary compliance with the *Act* and the *Rules*. Ms. Friel 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.

June 15, 2022 - Hybrid

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

Member Absent

Jeannette P. Smith, CPA

Staff Present

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

A. Dismissals – Insufficient evidence

- Ms. Espinoza-Riley moved to dismiss the following investigations based upon insufficient evidence of a violation with the *Act* or the *Rules*. Ms. Seefeld seconded the motion and it passed.
 1. Investigation No. 22-03-15L²
 2. Investigation Nos. 22-04-07L² and 22-04-08L²²
 3. Investigation Nos. 22-03-06L² and 22-03-07L²
 4. Investigation Nos. 22-05-03L² and 22-05-04L²
 5. Investigation Nos. 22-02-06L² and 22-02-07L²
 6. Investigation Nos. 22-04-05L² and 22-04-06L²

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

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

June 1, 2022

Members Present

Lisa A. Friel, CPA
Ray R. Garcia, CPA
Jamie D. Grant
Robert M. McAdams, CPA
Debra D. Seefeld, CPA
Sheila M. Vallés-Pankratz
Juliet Williams, CPA

Members Absent

Roselyn Morris, Ph.D., CPA
Dilliana Stewart, CPA

Staff Present

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

A. Removal of Limited Scope:

- Mr. Koch moved to remove Limited Scope from **Investigation Nos. 19-01-11L³ and 19-01-12L³**. Mr. Ingram seconded the motion and it passed.

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

X. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **Agreed Consent Order:**

Behavioral Enforcement Committee

Ms. Foshee 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. Investigation Nos.:	21-10-11L & 21-10-12L	Hometown:	Houston, TX
Respondents:	Amira Farag-Beshay & AMFB, LLC	Certificate No.:	092538
		Firm License No.:	C09464
Rule Violations:	501.62, 501.74(b), 501.90(2)		
Act Violations:	901.502(6), 901.502(11)		

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and agreed to complete the following additional hours of continuing professional education (CPE) during the current reporting period: four in ethics, eight in tax preparation and eight in practice management. In addition, Respondents must pay an administrative penalty of \$10,000 within 30 days of the date of the Board Order. Respondents filed a joint tax return for a client who was divorced at the end of the year and allowed one spouse to sign a return for another spouse without verifying the spouse's authorization to do so.

2. **Investigation No.:** 22-04-11L **Hometown:** Bridgeport, TX
Respondent: Robin Anne Garrett **Certificate No.:** 089935
Rule Violations: 501.90(2), 501.90(4)
Act Violations: 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 Theft of Property greater than or equal to \$300,000. Respondent was placed upon Deferred Adjudication for 10 years and ordered to pay \$472,291.69.

3. **Investigation No.:** 16-11-32L **Hometown:** Cumming, GA
Applicant: Divya Matai **Certificate No.:** 092103

Applicant entered into an ACO with the Board whereby Applicant's certificate was reinstated, however, Applicant was placed on probated revocation for one year from the effective date of reinstatement. Applicant's certificate was revoked by a Board Order on July 13, 2017. Applicant agreed to the disciplinary resignation of her Oregon license in lieu of revocation for conduct constituting multiple and separate violations of Oregon laws and administrative rules applicable to the practice of public accountancy.²

4. **Investigation No.:** 22-03-01L **Hometown:** Spring, TX
Respondent: David William Runyon **Certificate No.:** 100691

Respondent entered into an ACO with the Board whereby Respondent's certificate was suspended until such time as the conviction becomes final. If the conviction is reversed, Respondent's certificate would be reinstated, however, if the conviction becomes final, Respondent's certificate would be automatically revoked pursuant to *Act Section 901.505* regarding procedure pending final conviction of certain offenses. Respondent was convicted of the third-degree felony offense of possession of child pornography.²

5. **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)
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents' licenses were suspended for a period of three years from the date of the Board Order. Respondents were assessed \$2,500 in administrative penalties and \$408.93 in administrative costs to be paid within 60 days of the date of the Board Order. Respondent agreed to complete and submit proof of completion of four hours of ethics during each of the years of suspension and agreed not to request or accept a loan from any client. Respondent Potter, knowing the client's financial information, borrowed money from the client. Respondent Potter was negligent toward a client in the re-collateralization for a loan made by the client to the Respondent.¹

Technical Standards Review Committee

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

1. **Investigation Nos.:** 22-03-11L & 22-03-12L **Hometown:** Gilmer, TX
Respondents: John E. Dean & John E. Dean (Firm) **Certificate No.:** 070063
Firm License No.: T04156
Rule Violations: 501.60, 501.70
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and assessed an administrative penalty of \$2,500 and administrative costs of \$609.92. Respondents issued reviewed financial statements which did not meet professional standards, while the Respondents were not independent.³

2. **Investigation No.:** 22-03-10L **Hometown:** Conroe, TX
Respondent: Shelby Lee Lackey **Certificate No.:** 085380
Rule Violations: 501.60, 501.90(7)
Act Violations: 901.502(6), 901.502(9), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and placed on limited scope prohibiting her from performing audits, compilations and reviews for any public company registered with the Securities and Exchange Commission (SEC) until the SEC lifts

the bar against the Respondent from appearing as an accountant before the SEC. Respondent entered into an agreed Cease and Desist Order with the SEC. Respondent, as the engagement partner on the audit of a Texas school district, allegedly failed to perform critical audit procedures necessary to verify the accuracy of a school district's payroll and construction liabilities. The SEC alleged that Respondent violated Generally Accepted Auditing Standards by failing to obtain sufficient appropriate audit evidence to support the audit opinion; failed to properly supervise the audit; and failed to exercise professional judgment and maintain professional skepticism in the audit of the school district.³

B. Administrative Disciplinary Actions:

Mr. Koch moved to approve the following Administrative Disciplinary Actions as presented. Ms. Foshee 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 2)

Investigation Numbers

22-02-10001 – 22-02-10058

22-03-10001 – 22-03-10063

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 3)

Investigation Numbers

22-02-10059 – 22-02-10236

22-03-10064 – 22-03-10207

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 4)

Investigation Numbers

22-02-10237 – 22-02-10252

22-03-10208 – 22-03-10227

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

1. *Section 501.90 (Discreditable Acts) (ATTACHMENT 5)*
2. *Section 511.59 (Definition of 150 Semester Hours) (ATTACHMENT 6)*
3. *Section 519.9 (Administrative Penalty Guidelines) (ATTACHMENT 7)*

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

XIII. Mr. Cavazos adjourned the meeting at 12:04 p.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

Jeannette P. Smith, Secretary

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

²Ms. Adams, Ms. Holup, Mr. Ingram, Mr. Koch, and Ms. Sharp, recused themselves from participating in this matter.

³Ms. Friel, Mr. Garcia, Mr. Grant, Ms. Seefeld and Ms. Vallés-Pankratz recused themselves from participating in this matter.