

Texas State Board of Public Accountancy

January 19, 2023

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:29 a.m. on January 19, 2023. 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 3:32 p.m. on January 5, 2023. (TRD #2023-000062) (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
Himesh M. Gandhi, Esq.
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
Sheila M. Vallés-Pankratz

Members Absent

Jamie D. Grant*
Executive Committee
Member-at-Large
excused
Jeannette P. Smith, CPA
Secretary
excused

Others Present

Pamela Asbury
Joel Bailey, Esq.
Joshua Flynt, Esq.
Chini L. Streitwieser

Staff Present

Paulette Beiter, Esq.
Roel Cantu
Ismael Castillo
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
John Moore, Esq.
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 Jeannette P. Smith, CPA and Jamie D. Grant* from the Board meeting. Mr. Koch seconded the motion and it passed unanimously. *Should have been included in the motion.

- II. Mr. Koch moved to approve the November 30, 2022 Board meeting minutes as presented. Ms. Sharp 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 January 18, 2023 (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 (in-person)
Kevin J. Koch, CPA (in-person)
Debra S. Sharp (in-person)

Members Absent

Jamie D. Grant*
Jeannette P. Smith, CPA

Others Present

Kenneth Besserman, Esq.
Renee Foshee, Esq., CPA
Jodi Ann Ray

Staff Present

Roel Cantu
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Marisa Rios
Lorna Schwimmer-Staggs, CPA
William Treacy
Daniel Weaver

- A. Mr. Koch, Treasurer, presented the Board's financial statements. Mr. Ingram moved to approve the Board's financial statements as presented. Mr. Gandhi seconded the motion and it passed unanimously.
- B. Ms. Sharp moved to approve the budget increase request. Mr. Ingram seconded the motion and it passed unanimously.

- C. Mr. Garcia moved to approve the Board's Equal Employment Opportunity Report – CY 2022 as presented. Ms. Espinoza-Riley seconded the motion and it passed unanimously.
- D. Mr. Koch moved to approve the Board's Historically Underutilized Businesses (HUB) Expenditure Summary as presented. Ms. Vallés-Pankratz seconded the motion and it passed unanimously.
- E. Mr. Hill reported on proposed legislation. He advised that Mr. Treacy intends to seek a sponsor for proposed revisions to the *Act*, which consist primarily of clarifying or eliminating obsolete language. Two significant proposals, however, would:
 - 1. Allow Board members to serve more than one term, and
 - 2. Permit the Board to include its attorney's fees in direct administrative costs assessed for violations of Board *Rules*

Also, Mr. Treacy reported on the prospect of legislation possibly being introduced that would allow the scholarship fund to be opened up to more accounting students intending to sit for the CPA Exam. Mr. Ingram approved a motion to support legislation that would open up the scholarship fund to more accounting students. Mr. Garcia seconded the motion and it passed unanimously.

- F. Mr. Treacy reported on the following NASBA/AICPA matters:
 - NASBA dates of interest:
 - a. 41st Annual Conference for Executive Directors and Board Staff
February 27 – March 1, 2023 – Tucson, AZ
 - b. 28th Annual Conference for Board of Accountancy Legal Counsel
February 27 – March 1, 2023 – Tucson, AZ
 - c. Western Regional Meeting
June 27 – 29, 2023 – Kansas City, MO
 - d. 116th NASBA Annual Meeting
October 29 – November 1, 2023 – New York, NY
- G. Mr. Cavazos reported on general correspondence coming to the Board's attention.
- V. Mr. Garcia, Rules Committee Chair, reported on the January 18, 2023 (video conference and in-person) Rules Committee meeting.

Members Present

Manuel Cavazos, Esq., CPA
ex officio
Lisa Friel, CPA
Himesh Gandhi, Esq.
Ray R. Garcia, CPA
Kevin Koch, CPA

Members Absent

Renee Foshee, Esq. CPA
Jeannette P. Smith, CPA

Others Present

Kenneth Besserman, Esq.
Debra D. Seefeld, CPA

Staff Present

Paulette Beiter, Esq.
J. Randel Hill, Esq.
Donna Hiller
Thomas Payne
Marisa Rios
William Treacy
Daniel Weaver

- A. Mr. Garcia moved that the Board authorize the executive director to publish in the *Texas Register* the proposed amendments to *Rules 511.57 (Qualified Accounting Courses)*, *511.58 9 Definitions of Related Business Subjects*, and *511.72 (Uniform Examination)* for public comment. Mr. Gandhi seconded the motion and it passed unanimously. (**ATTACHMENT 2**)
- B. Mr. Garcia reported that the next committee meeting will be March 22, 2023 at 1:30 p.m.

- VI. Ms. Foshee, Qualifications Committee Chair, reported on the January 13, 2023 (video conference and in-person) Qualifications Committee meeting.

Members Present

Manuel Cavazos IV, Esq.,
CPA (*ex officio*)
Renee Foshee, Esq, CPA
(chair) (in-person)
Caroline Hartmann, CPA
Kevin Koch, CPA
Marshall Pitman, Ph.D., CPA
Jeannette P. Smith, CPA
Sheila M. Vallés-Pankratz
Veronda Willis, CPA
Kathy Zolton, CPA

Others Present

Pamela Asbury
Kenneth Besserman, Esq.
Neil Chamberlain
Ray R. Garcia, CPA
Elizabeth Haan

Staff Present

Paulette Beiter, Esq.
Telisa Harwell
J. Randel Hill, Esq.
Donna Hiller
Lori Shaw
Tony Shumway
William Treacy

- A. Ms. Foshee moved to approve a request from San Antonio College to be recognized by the Board to receive the Board's designation – Qualifying Educational Credit for CPA Examination. Mr. Koch seconded the motion and it passed unanimously.

- B. Ms. Foshee reported that the committee reviewed the educational documents submitted by applicant 0284611 and advised him that he needed to complete recognized coursework in accounting/business communications and a Board-approved ethics course to be eligible to take the CPA Exam.

Ms. Foshee informed the Board that a task force was established to further investigate recognition of academic coursework from American Council on Education (ACE), Prior Learning (PLA), the Department of Defense Activity for Non-Traditional Students (DSST – DANTES), and Experimental Learning.

Qualifications Members serving on the task force are:

1. Marshall Pitman, Ph.D., CPA (Chair)
2. Kevin Koch, CPA
3. Sheila M. Vallés-Pankratz
4. Kathy Zolton, CPA

- C. Ms. Foshee reported that the committee reviewed Board *Rule 511.72 – Uniform Examination*, to include reference to Board *Rule 521.14 – Eligibility Fee*. The committee referred this rule to the Rules Committee for its consideration.
- D. Ms. Foshee reported that the committee reviewed *Senate Bill 159* filed by Senator Perry and briefly discussed the changes that may be necessary, including the impact to the work experience requirements and the Fifth-Year Accounting Scholarship program. Mr. Garcia, Chair of the Rules Committee, made a presentation and provided information regarding a pilot project recognized by the New Jersey Board of Accountancy where PricewaterhouseCoopers and St. Peter's University offered a "Work for Credit" option for students/employees to meet the 150-hour requirement for licensure.
- E. Ms. Foshee reported that the committee reviewed and discussed information received from NASBA and the AICPA related to the tentative CPA Exam dates and the AICPA's Non-Disclosure Agreement.
- F. Ms. Foshee reported on the following Board's outreach program initiatives:
- | | |
|---|-------------------|
| 1. University of Texas – Permian Basin | January 27, 2023 |
| 2. TXCPA Abilene Chapter Student Bootcamp | February 10, 2023 |
| 3. University of Houston | April 21, 2023 |
- G. Ms. Foshee informed the Board that the committee discussed correspondence received from NASBA concerning rolling back the required 150 credit hours to 120 credit hours to ease entry into the CPA profession.

- VII. Mr. Ingram, Behavioral Enforcement Committee Member, reported on the following committee meeting:

December 14, 2022 - Zoom

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 – Insufficient evidence

- Ms. Espinoza-Riley moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Mr. Garcia seconded the motion and it passed. The BEC committee members did not participate in the vote.
 1. **Investigation Nos. 22-10-01L¹ and 22-10-02L¹**
 2. **Investigation Nos. 22-10-11L¹ and 22-10-12L¹**
 3. **Investigation Nos. 22-08-08L¹ and 22-08-09L¹**
 4. **Investigation Nos. 22-11-01L¹ and 22-11-02L¹**

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

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

December 7, 2022 - Zoom

Members Present

Lisa A. Friel, CPA
Debra Seefeld, CPA
Dilliana Stewart, CPA
Sheila M. Vallés-Pankratz

Members Absent

Ray R. Garcia, CPA
Jamie Grant
Roselyn Morris Ph.D., CPA
Juliet Williams, CPA

Staff Present

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

A. Request for Reinstatement:

- Mr. Ingram moved to approve request for reinstatement for **Investigation Nos. 21-04-01L² and 21-04-02L²**. Mr. Koch seconded the motion and it passed. The TSR committee members did not participate in the vote.

B. Request to lift Probated Suspension:

- Mr. Koch moved to approve a request to lift a probated suspension for **Investigation No. 20-09-51L²**. Ms. Sharp seconded the motion and it passed. The TSR committee members did not participate in the vote.

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

December 15, 2022 - Zoom

Members Present

Ray R. Garcia, CPA
Jamie Grant
Roselyn Morris PhD, CPA
Debra Seefeld, CPA
Sheila M. Vallés-Pankratz
Juliet Williams, CPA

Members Absent

Lisa A. Friel, CPA
Dilliana Stewart, CPA

Staff Present

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

- Other – The committee considered one other matter during this meeting; however, this matter did not require Board action at this time.

IX. 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. Seefeld seconded the motion and it passed. The BEC Board members did not participate in the vote.

Investigation Nos.:	22-05-01L & 22-05-02L	Hometowns:	Corpus Christi, TX
Respondents:	David Mody Boatright & David Boatright CPA PLLC	Certificate No.:	068161
Rule Violation:	501.74(b)	Firm License No.:	C11054
Act Violation:	901.502(6)		

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and required to complete and submit proof of completion of eight hours of continuing professional education (CPE) in the area of practice management in addition to the annual CPE requirement within 90 days of the date of the Board Order and to pay an administrative penalty of \$2,500 and administrative costs of \$938.06 within 30 days of the date of the Board Order. Respondents prepared an inaccurate tax return and provided inadequate representation for a client during an IRS audit.¹

Technical Standards Review Committee

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

1. Investigation Nos.:	21-04-01L & 21-04-02L	Hometowns:	Plano & Frisco, TX
Respondents:	Christopher Edwin Knauth & Knauth & Company, P.C.	Certificate No.:	067201
Rule Violations:	501.90(8), 501.93	Firm License No.:	C10838
Act Violations:	901.502(6), 901.502(9), 901.502(11)		

Respondents entered into an ACO with the Board whereby Respondents' certificate and licenses were reinstated, where Respondents were reprimanded, assessed an administrative penalty of \$2,000 and administrative costs of \$980.55 to be paid within 30 days of the date of the Board Order. In addition, Respondents were placed on limited scope prohibiting them from performing audits, compilations and reviews for public companies registered with the Securities and Exchange Commission. Further, Respondent Knauth is required to continue his involvement in the Accountants Confidential Assistance Network (Texas Society of Certified Public Accountants) and Alcoholics Anonymous programs. Respondent Knauth issued audited financial statements for a public company when Respondent firm was not registered with the Public Company Accounting and Oversight Board. Respondents failed to respond to written communications from the Board. Respondent's failure to respond to Board communications resulted in the original revocation of his certificate. Respondent is now responding to the Board.²

2. Investigation Nos.:	22-01-01L & 22-01-02L	Hometown:	Watauga, TX
Respondents:	Mohamed Metwally & Metwally CPA PLLC (Firm)		Ft. Worth, TX
Rule Violations:	501.60, 501.61	Certificate No.:	108387
Act Violations:	901.502(6), 901.502(11)	Firm License No.:	C10854

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and assessed an administrative penalty of \$1,000 and administrative costs of \$4,912.86. Respondents issued reviewed financial statements which did not meet professional standards.²

B. Administrative Disciplinary Actions:

Ms. Sharp moved to approve the following Administrative Disciplinary Actions as presented. Mr. Koch 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

22-08-10001 – 22-08-10076

22-09-10001 – 22-09-10075

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

22-08-10077 – 22-08-10255

22-09-10076 – 22-09-10237

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

22-08-10256 – 22-08-10276

22-09-10238 – 22-09-10255

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

1. *Section 501.55 (Definition of Acronyms)* (ATTACHMENT 6)
2. *Section 502.2 (Texas State Board of Public Accountancy Policy Statement of the Peer Assistance Oversight Committee)* (ATTACHMENT 7)
3. *Section 505.10 (Board Committees)* (ATTACHMENT 8)
4. *Section 511.80 (Granting of Credit)* (ATTACHMENT 9)
5. *Section 523.132 (Board Authorized Ethics Instructors)* (ATTACHMENT 10)
6. *Section 527.3 (Standards for Peer Reviews and Sponsoring Organizations)* (ATTACHMENT 11)
7. *Section 527.6 (Reporting to the Board)* (ATTACHMENT 12)
8. *Section 527.7 (Peer Review Oversight Board)* (ATTACHMENT 13)

- XI. Mr. Cavazos reviewed the meeting schedule for the year.

- XII. Mr. Cavazos adjourned the meeting at 11:29 a.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

Jeannette P. Smith, CPA, Secretary

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

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