

Texas State Board of Public Accountancy

January 18, 2024

The Texas State Board of Public Accountancy met by video conference and in-person from 10:03 a.m. until 11:25 a.m. on January 18, 2024. A notice of this meeting containing all items on the agenda, in accordance with *Section 551.127* of the *Texas Government Code* was filed with the Office of the Secretary of State at 2:28 p.m. on January 9, 2024. (TRD #2023-000136) (ATTACHMENT 1)

Board Members Present

Susan I. Adams, CPA
Kimberly D. "Kim" Crawford, CPA
Olivia Espinoza-Riley, CPA
Treasurer
Renee D. Foshee, Esq., CPA
Ray R. Garcia, CPA
Executive Committee
Member-at-Large
Jamie D. Grant
Executive Committee
Member-at-Large
Jill A. Holup
Executive Committee
Member-at-Large
Kevin J. Koch, CPA
Assistant Presiding Officer
Sherri B. Merket
Debra D. Seefeld, CPA
Presiding Officer
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Members Absent

Thomas Neuhoﬀ, CPA
excused
Jeannette P. Smith, CPA
Secretary, excused

Others Present

Kenneth Besserman, Esq.
Brenda Compagnone
Charles Cooley, CPA
Mary Valerie Reeves
Mark Vane

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
J. Franco
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
John Moore, Esq.
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs, CPA
William Treacy
Dan Weaver

- I. Ms. Seefeld, Presiding Officer, called the meeting to order at 10:03 a.m. Mr. Treacy called roll and declared a quorum.

Ms. Seefeld moved to excuse the absences of Ms. Smith, and Mr. Neuhoﬀ from the Board meeting. Mr. Koch seconded the motion and it passed unanimously. At this time, Ms. Seefeld announced the resignation of Himesh Gandhi, Esq., effective Jan. 17, 2024.

- II. Ms. Seefeld, Presiding Officer, moved to approve the November 9, 2023 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. Ms. Seefeld, Presiding Officer, reported on the January 17, 2024 (video conference and in-person) Executive Committee meeting.

Members Present

Renee D. Foshee, CPA
Ray R. Garcia, CPA
Jamie D. Grant
Jill A. Holup
Kevin J. Koch, CPA
(in-person)
Thomas Neuhoﬀ, CPA
Olivia Espinoza-Riley, CPA
(in-person)
Debra D. Seefeld, CPA
Committee Chair (in-person)

Member Absent

Jeannette P. Smith, CPA
excused

Staff Present

Marissa Brooks
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy
Daniel Weaver

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

- B. Ms. Seefeld presented the Board's Equal Employment Opportunity Report - CY 2023.
- C. Mr. Treacy presented the Board's Historically Underutilized Businesses (HUB) Expenditure Summary.
- D. Ms. Seefeld reported on the following NASBA/AICPA matters:
 - NASBA dates of interest
 - a. 29th Annual Conference for Board of Accountancy Legal Counsel
March 25 – 27, 2024, Nashville, TN
 - b. 42nd Annual Conference for Executive Directors and Board Staff
March 25 – 27, 2024, Nashville, TN
 - c. 2024 Western Regional Meeting June 25-27, 2024, Omaha, NE
 - d. 117th Annual Meeting October 27-30, 2024, Orlando, FL
- E. Ms. Seefeld reported on general correspondence coming to the Board's attention.

- V. Mr. Koch, Interim Chair, reported on the January 17, 2024 (video conference and in-person) Rules Committee meeting.

Members Present

Susan Adams, CPA
Renee Foshee, CPA
Ray Garcia, CPA
Kevin Koch, CPA
Interim Chair
Debra Seefeld, CPA
ex officio
Susan Warren, CPA

Members Absent

Himesh Gandhi, Esq.
Jeannette P. Smith, CPA
excused

Staff Present

Paulette Beiter, Esq.
J. Randel Hill, Esq.
Donna Hiller
John Moore, Esq.
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy
Daniel Weaver

- A. Ms. Merket moved that the Board authorize the executive director to publish the proposed amendments to Board *Rule 501.62 – Other Professional Standards*. Ms. Espinoza-Riley seconded the motion and it passed unanimously. **(ATTACHMENT 2)**
- B. Ms. Crawford moved that the Board authorize the executive director to publish the proposed amendments to Board *Rule 521.9 – Certificate Fee*. Ms. Vallés-Pankratz seconded the motion and it passed unanimously. **(ATTACHMENT 3)**
- C. Mr. Koch reported that the next Rules Committee Meeting will be March 20, 2024 at 1:30 p.m.

- VI. Ms. Foshee, Qualifications Committee Chair, reported on the January 17, 2024 (video conference and in-person) Qualifications Committee meeting:

Members Present

Renee Foshee, Esq, CPA
Committee Chair
Caroline Hartmann, CPA
Marshall Pitman, Ph.D., CPA
Debra D. Seefeld, CPA
(in-person)
Sheila M. Vallés-Pankratz
Veronda F. Willis, CPA

Members Absent

Kevin J. Koch, CPA
Jeannette P. Smith, CPA
Kathy Zolton, CPA

Others Present

Margie Beck
Kenneth Besserman, Esq.
Ellen Glazeman

Staff present

Ann Hallam, PMP
J. Randell Hill, Esq.
Donna Hiller
Kyle McGaw
Brian O'Neal
Marisa Rios
Lori Shaw
William Treacy

- A. Ms. Foshee reported that 112 individuals had requested reinstatement of CPA Exam credits through the Applicant Reassessment Program and these were approved. Twelve of the individuals have completed all sections of the CPA Exam as a result of the reinstatement, and have applied for CPA certification.
- B. Ms. Foshee reported on the new CPA Exam format launched on January 10, 2024 and as of January 16, 2024, 2,142 exams have been taken. The exams were given without incident in the U.S., Japan, Korea, India and the Middle East. The committee was notified that the testing center on the campus of Midwestern State University will close on March 29, 2024. Prometric is looking for another partner in the Wichita Falls, Texas area to establish a testing center.
- C. Ms. Foshee reported on the EY Career Path Accelerator Program offered through the Hult International Business School. Ms. Foshee motioned to accept credit from EY Career Path Accelerator Program for Bachelor Degree candidates. Ms. Espinoza-Riley seconded the motion and it passed unanimously.
- D. Ms. Foshee reported that the Task Force will schedule a meeting soon to consider the Board's Rules of Professional Conduct Exam.
- E. Mr. Treacy reported on the NASBA Professional Licensure Task Force Concept Exposure.
- VII. Mr. Koch reported on the following Behavioral Enforcement Committee meetings:

October 18, 2023 (Video conference and in-person)

Members Present

Susan I. Adams, CPA
Bennett Allison, CPA
Patrick Durio, CPA
Phillip D. Johnson, CPA
Kevin J. Koch, CPA
Robert Ogle, CPA
Jeannette P. Smith, CPA
Committee Chair

Member Absent

Jill A. Holup

Staff Present

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

A. Dismissals – Voluntary Compliance

Ms. Crawford moved to dismiss the following investigations due to 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.

- Investigation Nos. 23-06-11L¹ and 23-06-12L¹

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

January 4, 2024 (Video conference)

Members Present

Susan I. Adams, CPA
Bennett Allison, CPA
Patrick Durio, CPA
Phillip D. Johnson, CPA
Kevin J. Koch, CPA
Jill A. Holup
Robert Ogle, CPA
Jeannette P. Smith, CPA
Committee Chair

Staff Present

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

A. Dismissals – Insufficient evidence

Ms. Merket moved to dismiss the following investigations due to 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. 23-10-12L¹ and 23-10-13L¹
2. Investigation Nos. 23-10-07L¹ and 23-10-08L¹
3. Investigation Nos. 23-09-05L¹ and 23-09-06L¹

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

VIII. Mr. Garcia, Technical Standards Review Committee Chair, reported on the following committee meetings:

September 27, 2023

Members Present

Douglas Koval, CPA
Jamie Grant
Debra Seefeld, CPA
ex officio
Juliet Williams, CPA
Sheila Vallés-Pankratz

Members Recused

Kimberly Crawford, CPA
Ray R. Garcia, CPA
Committee Chair
Dilliana Stewart, CPA
Susan Warren, CPA

Staff Present

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

- A. Dismissal – Insufficient evidence

Mr. Koch moved to dismiss the following investigation due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Holup seconded the motion and it passed. The TSR committee members did not participate in the vote.

- Investigation No. 22-09-44L²

- B. Other - The committee considered 20 other matters during its meeting; however, these matters did not require Board action at this time.

November 29, 2023

Members Present

Kimberley Crawford, CPA
Ray R. Garcia, CPA
Committee Chair
Jamie D. Grant
Dillianna M. Stewart, CPA
Susan Warren, CPA
Juliet Williams, CPA

Members Absent

Shelia Vallés-Pankratz
Douglas Koval, CPA

Staff Present

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

- A. Dismissal – Insufficient evidence

Mr. Koch moved to dismiss the following investigation due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Merket seconded the motion and it passed. The TSR committee members did not participate in the vote.

- Investigation No. 23-07-10L²

- B. Modify – Limit Scope

Ms. Foshee moved to modify the limitation on scope to allow the respondent to perform attest services for non-governmental entities. Ms. Adams seconded the motion and it passed. The TSR committee members did not participate in the vote.

- Investigation No. 03-03-32L²

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

A. **AGREED CONSENT ORDERS (ACO)**
BEHAVIORAL ENFORCEMENT COMMITTEE (BEC)

Ms. Crawford moved to approve the following ACOs as presented. Ms. Warren seconded the motion and it passed. The BEC Board members did not participate in the vote.

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|--|---|
| 1. Investigation Nos.: 23-08-02L¹ & 23-08-03L¹
Respondents: Fei-Fei Catherine Fang
Fei-Fei Catherine Fang (Firm)
Rule Violation: 501.74(b)
Act Violation: 901.502(6) | Hometown: Plano, Texas
Certificate No.: 027452
Firm Lic. No.: T01705 |
|--|---|

Respondents entered into an ACO with the Board whereby Respondents would be Reprimanded. In addition, Respondents must pay an administrative penalty of \$1,000 and \$778.79 in administrative costs within 30 days of the date of the Board Order. Respondents shall refund the Complainant \$200 within 30 days of the date of the Board Order.

Respondents failed to obtain a signed Form 8879 before filing a tax return.

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|--|---|
| 2. Investigation Nos.: 23-07-02L¹ & 23-07-03L¹
Respondents: Edward Mitchell Gardner &
Edward M. Gardner PC
Rule Violation: 501.74(b)
Act Violation: 901.502(6) | Hometown: Houston, Texas
Certificate No.: 019215
Firm Lic. No.: C06356 |
|--|---|

Respondents entered into an ACO with the Board whereby Respondents would be Reprimanded. In addition, Respondents must pay an administrative penalty of \$1,000 and \$778.79 in administrative costs within 30 days of the date of the Board Order. Respondents shall reimburse Complainant \$300 within 30 days of the date of the Board Order for costs Complainant incurred getting a return corrected.

Respondents failed to properly report a client's Qualified Charitable Distribution.

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| 3. Investigation Nos.: 23-06-01L¹ & 23-06-02L¹
Respondents: John Ramon Gramstad &
Gramstad, CPA LLC
Rule Violations: 501.74(b), 501.93, 501.83, 501.82
Act Violation: 901.502(6) | Hometown: McKinney, Texas
Certificate No.: 114317
Firm Lic. No.: C10669 |
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Respondents entered into an ACO with the Board whereby Respondents would be Reprimanded. In addition, Respondents must pay an administrative penalty of \$2,500 and \$935.20 in administrative costs within 30 days of the date of the Board Order. Respondents shall complete eight hours of continuing professional education (CPE) in the area of practice management within six months of the date of the Board Order.

Respondents failed to exercise due professional care when addressing or failing to address the franchise tax with their client for whom they prepared a corporate business return. Respondents failed to substantively respond to requests for information from the Board, practiced under a name other than the name in which the firm was licensed and used language suggesting a specialization on the firm's website.

4. **Investigation Nos.:** 23-07-13L¹ & 23-07-14L¹
Respondents: John Ramon Gramstad &
Gramstad, CPA LLC
Rule Violation: 501.74(b)
Act Violation: 901.502(6)

Hometown: McKinney, Texas
Certificate No.: 114317
Firm Lic. No.: C10669

Respondents entered into an ACO with the Board whereby Respondents would be Reprimanded. In addition, Respondents must pay an administrative penalty of \$1,000 and \$778.79 in administrative costs within 30 days of the date of the Board Order. Respondents shall complete eight hours of technical CPE in the area of multistate tax.

Respondents failed to exercise due professional care when taking a tax position, the client did not understand and without proper support from the client.

5. **Investigation No.:** 23-07-01L¹
Respondent: Kathy Havard
Rule Violation: 501.91
Act Violation: 901.502(6)

Hometown: Huntington, Texas
Certificate No.: 076990

Respondent entered into an ACO with the Board whereby Respondent would be Reprimanded. In addition, Respondent must pay \$700.58 in administrative costs within 30 days of the date of the Board Order and must attend Accountants Confidential Assistance Network meetings for 24 months.

Respondent failed to properly report past criminal actions to the Board.

TECHNICAL STANDARDS REVIEW COMMITTEE (TSR)

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

- **Investigation Nos.:** 23-05-02L² & 23-05-03L²
Respondents: Jerry Charles Haynes and Haynes
& Associates, P.C.
Rule Violations: 501.60, 501.61, 527.4
Act Violations: 901.159, 901.502(6), 901.502(11)

Hometown: Roanoke, Texas
Certificate No.: 035592
Firm Lic. No.: C05772

Respondents entered into an ACO with the Board whereby Respondents would be Reprimanded. Respondents would also be assessed an administrative penalty of \$6,500 and administrative costs of \$931.93 to be paid in 12 monthly installments beginning February 15, 2024. In addition, Respondents would be placed on limited scope requiring Respondents to obtain pre-issuance reviews for any audits, compilations and reviews until Respondent Firm passes its next peer review. The pre-issuance reviewer chosen by the Respondents must be approved by the Chair of the Technical Standards Review Committee.

Respondents failed to meet generally accepted auditing standards and generally accepted accounting principles in an audit of a not for profit corporation. Respondents also issued audited financial statements for clients while the Respondent firm was not properly enrolled in the American Institute of Certified Public Accountants Peer Review Program.

B. ADMINISTRATIVE DISCIPLINARY ACTIONS

Ms. Warren 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 Licensing and Late 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 5)

No Board committee considered these actions.

Investigation Numbers

1. 23-08-10001 - 23-08-10070
2. 23-09-10001 - 23-09-10077

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 provided with a preliminary report and 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 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 6)

No Board committee considered these actions.

Investigation Numbers

3. 23-08-10071 - 23-08-10247
4. 23-09-10078 - 23-09-10251

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 7)

No Board committee considered these actions.

Investigation Numbers

5. 23-08-10248 - 23-08-10276
6. 23-09-10252 - 23-09-10274

X. Ms. Vallés-Pankratz moved to adopt the following Board *Rules* as presented. Ms. Merket seconded the motion and it passed unanimously. (ATTACHMENT 8)

1. 511.52 (*Recognized Institutions of Higher Education*)
2. 511.53 (*Evaluation of International Education Documents*)
3. 511.58 (*Definitions of Related Business Subjects to take the UCPAE*)
4. 511.59 (*Definition of 120 Semester Hours to take the UCPAE*)
5. 511.60 (*Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE*)
6. 511.80 (*Granting of Credit*)
7. 511.87 (*Loss of Credit*)
8. 511.164 (*Definition of 150 Semester Hours to Qualify for Issuance of a Certificate*)
9. 515.5 (*Reinstatement of a Certificate or License in the Absence of a Violation of the Board's Rules of Professional Conduct*)
10. 515.11 (*Licensing for Military Service Members, Military Veterans, and Military Spouses*) (Repeal)
11. 516.1 (*Definitions*) (New)

12. 516.2 (*Licensing for Military Service Members and Spouses*) (*New*)
13. 516.3 (*Licensing for Military Veterans*) (*New*)
14. 516.4 (*Accounting Practice Notification by Military Service Members and Spouses*) (*New*)

XI. Ms. Seefeld reviewed the meeting schedule for the year.

XII. Ms. Seefeld moved to adjourn the meeting at 11:25 a.m., Ms. Espinoza-Riley seconded.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Jeannette P. Smith, CPA, Secretary

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

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