

Texas State Board of Public Accountancy

January 16, 2025

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:33 a.m. on January 16, 2025. A notice of this meeting containing all items on the agenda, in accordance with *Section 551 of the Texas Government Code* was filed with the Office of the Secretary of State at 2:36 p.m. on January 7, 2025. (TRD #2025-000109) (**ATTACHMENT 1**)

Board Members Present

Susan I. Adams, CPA
Christopher "Grant" Coates
Kimberly D. "Kim" Crawford, CPA
Olivia Espinoza-Riley, CPA
Treasurer
Renee D. Foshee, Esq., CPA
Secretary
Jamie D. Grant
Executive Committee
Member-at-Large
Sherri B. Merket
Thomas M. Neuhoﬀ, CPA
Debra D. Seefeld, CPA
Presiding Officer
Jeannette P. Smith, CPA
Assistant Presiding Officer
James "Jim" Trippon, CPA
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Members Absent

Ray R. Garcia, CPA
Excused
Jill A. Holup
Excused

Others Present

Gilbert Barrera
Ankur Chopra
Ali Fries
Mike Seefeld
Brian Thornton
Mark Vane

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Maria Lagunas
John Moore, Esq.
Brian O'Neal
Julie Prien
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
Tony Shumway
William Treacy

- I. Ms. Seefeld, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.

Ms. Warren moved to excuse the absence of Ray R. Garcia and Jill A. Holup from the Board meeting. Ms. Crawford seconded the motion and it passed unanimously.
- II. Mr. Trippon moved to approve the November 7, 2024 Board meeting minutes as presented. Ms. Smith 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 15, 2025 (video conference and in-person) Joint Executive and Rules Committee meeting.

Members Present

Christopher "Grant" Coates
Olivia Espinoza-Riley, CPA
Renee D. Foshee, Esq., CPA
Ray R. Garcia, CPA
Jamie D. Grant
Debra D. Seefeld, CPA
Presiding Officer
(In-person)
Jeannette P. Smith, CPA
Susan M. Warren, CPA
(In-Person)
Rules Committee Chair

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Feller
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Maria Lagunas
John Moore Esq.
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy

- A. Discussion, consideration, and possible action concerning the Board *Rules*.

1. Ms. Warren moved to re-adopt *Chapter 501 (Rules of Professional Conduct)* rules that are not proposed to be revised pursuant to *Section 2001.039 of the Texas Government Code* and to authorize

the executive director to publish proposed amendments to *Chapter 501* in the *Texas Register* for public comment. Ms. Merket seconded the motion and it passed unanimously. (ATTACHMENT 2)

2. Ms. Foshee moved that the Board authorize the executive director to publish the proposed amendments to *Board Rule 507.4 – (Confidentiality)* in the *Texas Register* for public comment. Mr. Trippon seconded the motion and it passed unanimously (ATTACHMENT 3)
 3. Ms. Warren informed the Board that the next committee meeting will be held March 12, 2025 at 1:30 p.m.
- B. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Ms. Crawford moved to approve the Board's financial statements as presented. Ms. Warren seconded the motion and it passed unanimously.

Mr. Treacy briefly announced that the agency has been notified about an upcoming audit by the State Auditor's Office. He also mentioned that adjustments to the Board's budget will be necessary to cover the cost of the audit.

- C. Ms. Smith moved to approve the Board's Equal Employment Opportunity Report - CY 2024 as presented. Ms. Vallés-Pankratz seconded the motion and it passed unanimously.
- D. Mr. Treacy presented the Board's Historically Underutilized Businesses (HUB) Expenditure Summary. After some consideration, he noted that the reports dating back to 1998 are redundant. Therefore, future reports will only present a summary for the last ten years. This report is for informational purposes only. No action is needed from the Board.
- E. Ms. Seefeld reported on the 89th *Texas Legislative Session*.

1. Ms. Seefeld made it clear that the Board had not taken a position on S.B. 262 or S.B. 522. Mr. Hill, general counsel, reported on proposed legislation possibly affecting this agency. Mr. Hill reported that S.B. 262, H.B. 1757 companion bill and S.B. 552, H.B. 1764 companion bill if passed, would amend the *Public Accountancy Act*. He also reported that S.B. 716, H.B. 587, H.B. 710 and 794, if passed, could affect this agency's licensing program.

Following a discussion, Mr. Neuhoﬀ moved and Ms. Crawford seconded the motion that the Board supports the passage of S.B. 262 and S.B. 522 or their companion bills. The motion passed with all attending Boards members in support of the motion except for Ms. Foshee who did not support the proposed two senate bills.

2. A motion was made by Mr. Trippon and seconded by Ms. Merket to designate Debra D. Seefeld, William Treacy, and J. Randel Hill to represent the Board in responding to legislative questions and possibly serve as resources witnesses during the 89th Session of the Texas Legislature. The motion passed unanimously.

- F. Ms. Seefeld reported on the following NASBA/AICPA matters:

- NASBA dates of interest
 - a. 30th Annual Conference for Board of Accountancy Legal Counsel
March 25 - 27, 2025, Clearwater Beach, FL.
 - b. 43rd Annual Conference for Executive Directors and Board Staff
March 25 - 27, 2025, Clearwater Beach, FL.
 - c. Western Regional Meeting, June 17 - 19, 2025, New Orleans, LA.
 - d. 118th Annual Meeting, October 26 - 29, 2025, Chicago, IL.

- G. Ms. Seefeld reported on general correspondence coming to the Board's attention.

- V. Ms. Foshee, Qualifications Committee Chair, reported on the January 15, 2025 (video conference and in-person) Qualifications Committee meeting.

Members Present

Renee D. Foshee, Esq, CPA
Committee Chair
Marshall Pitman, Ph.D., CPA
James "Jim" Trippon, CPA
Veronda Willis, Ph.D., CPA
Kathy Zolton, CPA
Debra Seefeld, CPA
Ex Officio
(In-Person)
Jeannette P. Smith, CPA

Members Absent

Caroline Hartmann, CPA
Sheila Vallés-Pankratz

Others Present

Christopher "Grant" Coates
Thomas Neuhoff, CPA
Larry Stephens, CPA, Esq.

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Ann Hallam, PMP
Telisa Harwell
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
Brian O'Neal
Marisa Rios
Lori Shaw
William Treacy

- A. Ms. Foshee provided an update on the Task Force's Report regarding the *Rules of Professional Conduct* Exam required for CPA certification. The report stated that the Task Force members completed the work. New exams are being developed using the questions that were written and vetted by the Task Force. The projected start date for the new *Rules of Professional Conduct* Exam is February 2025. Information only. No action is required.
 - B. Ms. Foshee reported that the committee has approved the Houston Community College courses ACNT 1382 and ACNT 2382 - Co-Op Accounting Education to satisfy the CPA licensing internship requirements outlined in Board *Rule 511.164*, and has instructed staff to inform the college of this approval.
 - C. Ms. Foshee reported that the committee reviewed information from Dr. Caroline Hartmann about competency-based courses at East Texas A&M University. Dr. Hartmann stated that these courses are not accepted by the College of Business toward the degree and do not meet the 24-hour business requirement. Staff will reach out to Texas flagship educational institutions to see if these courses are accepted for transfer. The committee also noted that some private and for-profit institutions might offer competency-based coursework, and they should gather more details about these. Staff will contact NASBA to learn its position on competency-based coursework and develop a quick poll to gather information from boards of accountancy.
 - D. Ms. Foshee reported that the committee discussed and took no action on the Board's work experience form. They decided to wait for additional information on three points: the legislative action on SB 262 regarding an additional alternate CPA Exam pathway, a report from NASBA on the proposed alternate CPA Exam and Certification Pathway, and the completion of the rule review related to work experience.
 - E. Ms. Foshee reported that the committee postponed action on the ethics matrix pending additional information. The ethics matrix aids educators in developing content for CPA certification ethics courses. The Board's enforcement committees may have insights into problem areas for new CPAs, and revisions to the ethics course content could address these. It was also suggested to include ethics in technology, AI, and confidentiality requirements in future courses.
 - F. Ms. Foshee reported that the committee reviewed a paper written by Charles Thomas, PhD, CPA, and presented to NASBA titled "A Longitudinal Analysis of Exam Performance and Seasonal Patterns of Large and Small Accounting Programs in Texas." This was an informational review only, with no action required. According to Ms. Foshee, it is the only report of its kind.
 - G. Ms. Foshee reported that the committee reviewed statistical information comparing CPA Exam applicants qualified under the 2003 and 2023 Acts in FY 24. They also provided exam results for Texas candidates using the new exam format. This was for information only, and no action is required.
 - H. Ms. Foshee reported that additional Prometric sites are now available in Dallas and Houston. Board staff is working on three CPA infographics that will be available in the future.
- VI. Ms. Espinoza-Riley, Licensing Committee chair, informed the Board on the upcoming swearing-in ceremony being held January 25, 2025 at the Palmer Events Center in Austin, Texas. We will have a total of 206 new CPAs in attendance and 23 fifty-year honorees. The following Board members will attend and participate in the ceremony: Ms. Crawford, Ms. Espinoza-Riley, Mr. Neuhoff, Ms. Seefeld, and Mr. Trippon.

- VII. Ms. Smith, Behavioral Enforcement Committee chair, reported on the following Behavioral Enforcement Committee meetings:

October 17, 2024 (video conference and in-person)

Members Present

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

Staff Present

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

A. Dismissals – Voluntary Compliance

Ms. Foshee moved to dismiss the following investigations based on voluntary compliance. Ms. Crawford seconded the motion and it passed. The above listed Board members on the BEC committee did not participate in any discussion or the vote.

- Investigation Nos. 24-08-06L¹, & 24-08-07L¹

- B. Other - The committee considered several other matters during its meeting; however, no action was required by the Board.

December 5, 2024

Members Present

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

Staff Present

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

A. Dismissals – Insufficient evidence

Ms. Crawford moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Mr. Trippon seconded the motion and it passed. The above listed Board members on the BEC committee did not participate in any discussion or the vote.

1. Investigation Nos. 24-09-01L¹ and 24-09-02L¹
2. Investigation Nos. 24-10-03L¹ and 24-10-04L¹

- B. Other - The committee considered several other matters during its meeting; however, no action was required.

- VIII. Ms. Seefeld, Presiding Officer, reported on the November 20, 2024 (video conference and in-person) Technical Standards Review Committee meeting. The report required no Board action.

Members Present

Kimberly “Kim” Crawford, CPA
Douglas Koval, CPA
Ray R. Garcia, CPA
Committee Chair
Dilliana Stewart, CPA
Susan Warren, CPA

Member Absent

Sheila Vallés-Pankratz

Staff Present

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

Juliet Williams, CPA

- Other - The committee considered other matters during its meeting; however, no action was required by the Board.

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

A. **Agreed Consent Orders:**

Ms. Olivia Espinoza-Riley moved to approve the following ACOs as presented. Ms. Warren seconded the motion and it passed unanimously.

Behavioral Enforcement Committee

- **Investigation No.:** 24-07-09L¹ **Hometown:** Longview, TX
Respondent: Curtis Wayne Crane **Certificate No.:** 059304
Rule Violations: 501.90(4), 501.90(5)
Act Violations: 901.502(6), 901.502(10), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked and Respondent ordered to pay \$745.93 in administrative costs to be paid within 30 days of the date of the Board Order.

Respondent pleaded guilty to the 2nd degree felony Theft of Property <\$150,00>\$300,000 and was placed on 10 years' probation; and ordered to pay \$201,391 in restitution and complete 300 hours of community service. Respondent paid the restitution and was discharged from community supervision.

Mr. Trippon moved to approve the following ACOs as presented. Ms. Adams seconded the motion and it passed unanimously.

Technical Standards Review Committee

- Investigation No.:** 24-07-01L² **Hometown:** Houston, TX
Respondent: Malone Bailey, LLP **Firm License No.:** P05522
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 assessed an administrative penalty of \$50,000 and administrative costs of \$811.57 to be paid within 30 days of the date of the Board Order.

Respondent was sanctioned by the (PCAOB) for its failure to comply with PCAOB Rules and quality control standards in audits for the period 2018 through 2021. Respondent was censured; assessed a civil money penalty totaling \$400,000; and required to take remedial action.

- Investigation No.:** 23-11-08L² **Hometown:** Odessa, TX
Respondent: Ron Kirby, CPA **Firm License No.:** T07486
Rule Violation: 501.60
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was placed on limited scope prohibiting it from performing audits for entities regulated by the U.S. Department of Labor without a pre-issuance review.

Respondent issued audited financial statements for an employee benefit plan which failed to meet Generally Accepted Auditing Standards.

- Investigation Nos.:** 24-07-02L² & 24-07-03L² **Hometowns:** League City & Friendswood, TX
Respondents: James Robert Westerman & **Certificate No.:** 062220
Wrinkle, Gardner & Company, P.C. **Firm License No.:** C03117
Rule Violation: 501.60
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 \$599.71 to be paid within 30 days of the date of the Board Order. Respondents are jointly and severally liable for the administrative penalty and administrative costs.

Respondents issued audited financial statements for an employee benefit plan which failed to meet Generally Accepted Auditing Standards

4. Investigation Nos.:	24-09-04L² & 24-09-05L²	Hometown:	Missouri City, TX
Respondents:	Jefferson Swenson & Jefferson W. Swenson, CPA LLC	Certificate No.:	071457
		Firm License No.:	C11766
Rule Violations:	501.60, 501.74(b), 501.81, 527.4		
Act Violations:	901.401, 901.460, 901.502(6), 901.502(11)		

Respondents entered into ACOs with the Board whereby Respondents were reprimanded and assessed an administrative penalty of \$10,000 and administrative costs of \$1,779.68 to be paid within 30 days of the date of the Board Order. In addition, Respondents were placed on limited scope requiring pre-issuance reviews of any audits, compilations and reviews until the Respondent Firm passes its next peer review. Respondents are required to notify all clients within 30 days of the date of the Board Order of any audits, compilations and reviews that were performed while the Respondents were not properly licensed and/or enrolled in a peer review program. Respondents are also required to remediate the invalid engagements within 60 days of the date of the Board Order by either reimbursing engagement fees paid to them by their client, or with the client's permission and pursuant to the limited scope conditions set forth in this order, reissuing the audit, review or compilation with a pre-issuance reviewer approved by the Chair of the TSR Committee.

Respondents issued audit reports, compilations and reviews when the Respondent Firm was not licensed and/or properly enrolled in a peer review program.

B. Administrative Disciplinary Actions:

Ms. Smith moved to approve the following Administrative Disciplinary Actions as presented. Ms. Merket 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 4)**

No Board committee considered these actions.

Investigation Numbers

1. 24-08-10001 - 24-08-10100
2. 24-09-10001 - 24-09-10072

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 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)**

No Board committee considered these actions.

Investigation Numbers

3. 24-08-10101 - 24-08-10275

4. 24-09-10073 - 24-09-10256

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)**

No Board committee considered these actions.

Investigation Numbers

5. 24-08-10276 - 24-08-10290

6. 24-09-10257 - 24-09-10285

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

XI. Ms. Seefeld moved to adjourn. Ms. Foshee seconded the motion, and the meeting adjourned at 11:33 a.m.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Renee Foshee, Esq., CPA, Secretary

¹Ms. Adams, Ms. Holup, and Ms. Smith recused themselves from participating in this matter.

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