

Texas State Board of Public Accountancy

May 16, 2024

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 12:20 p.m. on May 16, 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 2:48 p.m. on May 7, 2024. (TRD #2024-002701) (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
Jill A. Holup
Executive Committee
Member-at-Large
Thomas M. Neuhoff, CPA
Debra D. Seefeld, CPA
Presiding Officer
Jeannette P. Smith, CPA
Secretary
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Members Absent

Jamie D. Grant
excused
Sherri B. Merket
excused

Others Present

Kenneth Besserman, Esq.

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
Ann Hallam, PMP
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

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

Ms. Foshee moved to excuse the absence of Jamie D. Grant and Sherri B. Merket from the Board meeting. Mr. Neuhoff seconded the motion and it passed unanimously.
- II. Ms. Smith moved to approve the March 21, 2024 Board meeting minutes as presented. Ms. Crawford 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 May 15, 2024 (video conference and in-person) Executive Committee meeting.

Members Present

Olivia Espinoza-Riley, CPA
(in-person)
Jamie D. Grant
Jill A. Holup
Debra D. Seefeld, CPA
Presiding Officer
(in-person)
Jeannette P. Smith, CPA

Member Absent

Ray R. Garcia, CPA
excused

Others Present
Kenneth Besserman, CPA
Renee D. Foshee, Esq., CPA

Staff Present

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

- A. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Ms. Warren moved to approve the Board's financial statements as presented. Ms. Adams seconded the motion and it passed unanimously.
- B. Ms. Espinoza-Riley, presented the Board's proposed Budget Plan for 2025. Questions were addressed during the meeting. No action was taken at this time.

- C. Ms. Crawford moved to authorize the executive director to publish proposed amendments to Board *Rule 523.140 – Program Standards*, in the *Texas Register* for public comment. Ms. Espinoza-Riley seconded the motion and it passed unanimously. **(ATTACHMENT 4)**
- D. Ms. Seefeld reported that the next committee meeting is scheduled for July 10, 2024 at 1:30 p.m.
- VI. Ms. Foshee, Qualifications Committee Chair, reported on the May 15, 2024 (Video conference and in-person) Qualifications Committee meeting:

Members Present	Others Present	Staff Present
Renee Foshee, Esq, CPA <i>Committee Chair</i>	Kenneth Besserman, CPA Thomas Neuhoff, CPA	Paulette Beiter, Esq. Marissa Brooks
Caroline Hartmann, CPA Marshall Pitman, Ph.D., CPA Debra Seefeld, CPA <i>Ex-Officio</i> (In-person)	Jodi Ann Ray	Ann Hallam, PMP Telisa Harwell J. Randel Hill, Esq. Donna Hiller Brian O’Neal
Jeannette P. Smith, CPA Sheila Vallés-Pankratz Veronda Willis, Ph.D., CPA Kathy Zolton, CPA		Marisa Rios Lori Shaw William Treacy

- A. Ms. Foshee reported that the proposed amendments, as revised, to Board *Rule 511.163 – Board Approved Ethics Requirement and Examination on the Rules of Professional Conduct*, were discussed and approved in Agenda Item V of the Rules Committee.
- B. Ms. Foshee reported that the CPA Exam scores for candidates taking the BAR, ISC and TCP sections from January 10 – February 6, 2024 were received on April 26, 2024, processed and made available to candidates. The next score release date for the CPA Exam Core sections is June 4, 2024 and score release for the disciplines on June 28, 2024.
- C. Ms. Foshee reported that the Qualifications Committee Task Force established to consider the Board’s *Rules of Professional Conduct Exam*, reported that the members completed the review of the current questions and handed the edits to staff for additional review. The next meeting will be held on July 31, 2024 to discuss writing additional questions.
- D. Ms. Foshee reported that the committee discussed the concept of allowing first-time applicants taking the first section of the CPA Exam to be reimbursed by the Board for the cost of the exam after testing occurred. The members supported the concept and offered several comments. The two over-arching comments related to the funding of the EFFA proposal along with developing Board Rules and procedures.
- Ms. Foshee also moved for overall acceptance of a modification to the EFFA program to allow first-time applicants taking the exam for the first time to be reimbursed after passing their first exam. Ms. Espinoza-Riley seconded the motion and it passed unanimously.
- The Board also discussed the funding for the EFFA program and Ms. Foshee moved that the EFFA program be an operational program. Ms. Smith seconded the motion and it passed unanimously.
- E. Ms. Foshee reported that the committee reviewed the closure of Prometric testing centers in Wichita Falls and Midland/Odessa, along with the opening of additional sites in Dallas and Houston.
- VII. Ms. Espinoza-Riley, Licensing Committee Chair, reported on the May 15, 2024 (video conference and in-person) Joint CPE and Licensing Committee meeting.

Members Present	Members Absent	Staff Present
Olivia Espinoza-Riley, CPA <i>Committee Chair</i>	Connie B. Clark, CPA Sherri B. Merket <i>excused</i>	Paulette Beiter, Esq. Marissa Brooks
Renee Foshee, Esq, CPA Jamie D. Grant	Rene D. Peña, CPA	Rhonda Fellner Ann Hallam, PMP

Kathy D. Kabell, CPA
Thomas M. Neuhoff, CPA
Debra D. Seefeld, CPA
Ex-Officio
(In-person)
Larry G. Stephens, CPA

J. Randel Hill, Esq.
Brian O'Neal
Marisa Rios
April Serrano
Lori Shaw
William Treacy

- A. Ms. Espinoza-Riley reported that the proposed amendments, as revised, to Board *Rule 523.130 – Ethics Course Requirements* were discussed and approved in Agenda Item V of the Rules Committee.
- B. Ms. Espinoza-Riley reported that the joint committee heard an update on the current method of CPE reporting and potential CPE reporting capabilities that are under evaluation for future technology upgrades. No action was needed on this agenda item.
- C. Ms. Espinoza-Riley reported that the joint committee considered revising the CPA firm late fee structure so that it scales in proportion to the size of the firm. The proposed late fee schedule uses the lowest number in the range of the existing firm organizational fee chart as the multiplier in calculating the late fee.

Ms. Espinoza-Riley moved to accept the proposed revised late fee schedule. Ms. Foshee seconded the motion and it passed unanimously.
- D. Ms. Espinoza-Riley reported that the joint committee heard an update on the June 22, 2024 Swearing-in Ceremony. Invitations were sent to 901 new CPAs and 222 fifty-year honorees. No action was needed on this agenda item.

VIII. Ms. Sheila M. Vallés-Pankratz, Peer Assistance Oversight Committee chair, reported on the May 15, 2024 (Video conference and in-person) Peer Assistance Oversight Committee meeting:

Members Present

Shelia M. Vallés-Pankratz
Committee Chair
Omolara A. Akinboye, CPA
John R. Bruce, CPA
Debra Seefeld, CPA
Ex-Officio
(In-person)

Member Absent

Susan I. Adams
excused

Others Present

Renee D. Foshee, Esq., CPA

Staff Present

Paulette Beiter, Esq.
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Brian O'Neal
Marisa Rios
Lori Shaw

- A. Ms. Vallés-Pankratz reported that the committee reviewed the proposal from the TXCPA to increase the annual grant from the Board from \$134,253 to \$155,500. Mr. Craig Nauta, Program Director, answered questions regarding funding and the financial needs of the program. The committee recommends that the Board increase the grant as requested.

Ms. Vallés-Pankratz moved to increase the grant as requested. Ms. Crawford seconded the motion and it passed unanimously.
- B. Ms. Vallés-Pankratz reported that Mr. Nauta shared success stories of participants in the program and highlights from the annual training meeting, including the connection made with the National Alliance on Mental Illness (NAMI) as a resource for licensees and their families who are experiencing mental health issues and ongoing engagement with other support groups, such as those for attorneys. Mr. Nauta shared a personal story about attempts to focus on and model the eight dimensions of wellness: physical, social, intellectual, emotional, spiritual, environmental, occupational and financial.
- C. Ms. Vallés-Pankratz reported that the committee acknowledged the important work and services provided by the program, noting that approximately 45 people are currently under supervision and that the assistance provides benefits not only to the licensees and candidates but also clients and families of those participating.

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

January 4, 2024 (Video conference and in-person)

Members Present

Susan I. Adams, CPA
Bennett Allison, CPA
Patrick Durio, CPA
Jill A. Holup
Phillip D. Johnson
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 due to voluntary compliance with 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. 23-09-07L¹ and 23-09-08L¹

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

May 1, 2024 (Video conference and in-person)

Members Present

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

Staff Present

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

A. Dismissals – Insufficient evidence

Ms. Foshee moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Mr. Neuhoff seconded the motion and it passed. The BEC committee members did not participate in the vote.

1. Investigation Nos. 24-01-10L¹ and 24-01-11L¹
2. Investigation Nos. 23-11-10L¹ and 23-11-11L¹
3. Investigation Nos. 24-01-08L¹ and 24-01-09L¹
4. Investigation No. 24-01-05L¹
5. Investigation Nos. 24-02-04L¹ and 24-02-05L¹

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

X. Mr. Garcia, Technical Standards Review Committee Chair, reported on the April 3, 2024 committee meeting:

Members Present

Kimberly Crawford, CPA
Ray R. Garcia
Committee Chair
Jamie Grant
Douglas Koval, CPA

Staff Present

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

Sheila Vallés-Pankratz
Dilliana Stewart, CPA
Susan Warren, CPA
Juliet Williams, CPA

A. Dismissal – Insufficient evidence

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

- Investigation No. 23-11-04L²

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

XI. The Board took the following actions on agreed consent orders (ACOs), administrative disciplinary actions, and Proposals for Decision.

A. **Agreed Consent Orders:**

Behavioral Enforcement Committee

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

1. Investigation No.:	23-10-06L¹	Hometown:	Dallas, TX
Respondent:	Rachel Katherine D’Addesio	Certificate No.:	099859
Rule Violations:	501.90(4), 501.90(5)		
Act Violations:	901.502(6), 901.502(11)		

Respondent entered into an ACO with the Board whereby Respondent’s certificate was suspended for two years. Following the suspension, Respondent’s certificate will be revoked for a period of eight years; however, this revocation will be stayed and Respondent will be placed on probation to run concurrently with her criminal probation. In addition, Respondent will be required to participate in the Accountants Confidential Assistance Network and Alcoholics Anonymous.

Respondent has a history of alcohol related convictions including a felony driving while intoxicated (DWI) 3rd in 2023 as well as a deferred adjudication for felony evading arrest in 2023.

2. Investigation Nos.:	23-05-06L¹ & 23-05-07L¹	Hometown:	Austin, TX
Respondents:	Timothy Whittridge Hald & Timothy W. Hald	Certificate No.:	040547
Rule Violation:	501.74(b)	Firm License No.:	S08097
Act Violation:	901.502(6)		

Respondents entered into an ACO with the Board whereby Respondents were reprimanded. In addition, Respondents must pay an administrative penalty of \$1,000 and \$935.20 in administrative costs. Respondent Hald shall complete eight hours of technical continuing professional education (CPE) in the area of individual tax.

Respondents failed to properly report the sale of a personal residence on a client’s tax return.

3. Investigation No.:	22-09-60L¹	Hometown:	Kingwood, TX
Respondent:	James Brandon Neff	Certificate No.:	073539
Rule Violations:	501.90(4), 501.90(5)		
Act Violations:	901.502(6), 901.502(11)		

Respondent entered into an ACO with the Board whereby Respondent’s certificate was revoked; however, the revocation was stayed and Respondent was placed on probation for four years. In addition, Respondent will be required to participate in the Accountants Confidential Assistance Network.

Respondent failed to report DWI convictions to the Board. Respondent was convicted of felony DWI 3rd in 2022.

4. Investigation No.:	23-12-01L¹	Hometown:	Harker Heights, TX
Respondent:	Ronald Erwin Stepp	Certificate	031054
Rule Violation:	501.74(b)		
Act Violation:	901.502(6)		

Respondent entered into an ACO with the Board whereby Respondent was reprimanded. In addition, Respondents must pay an administrative penalty of \$25,000 and \$819.70 in administrative costs. Respondent shall complete eight hours of CPE in the area of real estate tax, eight hours of CPE in the area of IRS representation and four hours of CPE in ethics.

The IRS determined entries on tax returns prepared by Respondent, while he held a majority share of the stock of the client, were not supportable and this failure contributed to additional taxes, penalties and interest being assessed against the client.

B. Administrative Disciplinary Actions:

Ms. Smith moved to approve the following Administrative Disciplinary Actions as presented. Mr. Neuhoff 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. 23-12-10001 - 23-12-10072
2. 24-01-10001 - 24-01-10079

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 6)**

No Board committee considered these actions.

Investigation Numbers

3. 23-12-10073 - 23-12-10277
4. 24-01-10080 - 24-01-10220

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. 23-12-10278 - 23-12-10295

6. 24-01-10221 - 24-01-10234

C. **Proposals for Decision**

Ms. Espinoza-Riley moved to approve the following Proposals for Decision as presented. Ms. Foshee seconded the motion and it passed unanimously.

- | | | | |
|------------------------------|--|--------------------|------------------------|
| 1. Investigation No.: | 23-08-11L¹ | Hometown: | Trophy Club, TX |
| Respondent: | Douglas Marshall McKelvey | Certificate | 052512 |
| Rule Violations: | 501.90(2), 501.93 | | |
| Act Violations: | 901.502(2), 901.502(6), 901.502(11) | | |

Respondent failed to respond to an offer of an ACO by Board staff revoking the certificate of Respondent in lieu of further disciplinary action. Respondent was convicted of money laundering for misappropriating at least \$1,500,000 of investor funds as a financial advisor. A hearing under Board *Rule 519.24(f)* was held before the executive director of the Board on March 29, 2024.

The Board approved staff's recommendation and ordered that the certificate of Respondent be revoked, and that the Respondent be assessed an administrative penalty of \$10,000 and administrative costs of \$663.11.

- | | | | |
|------------------------------|--|--------------------|---------------------|
| 2. Investigation No.: | 23-09-01L¹ | Hometown: | Rockwall, TX |
| Respondent: | Christiane Kathleen Irwin | Certificate | 110503 |
| Rule Violations: | 501.90(2), 501.93 | | |
| Act Violations: | 901.502(2), 901.502(6), 901.502(11) | | |

Respondent failed to respond to an offer of an ACO by Board staff revoking the certificate of Respondent in lieu of further disciplinary action. Respondent was convicted of wire fraud for misappropriating at least \$1,480,000 by inflating her salary from her employer. A hearing under Board *Rule 519.24(f)* was held before the executive director of the Board on March 29, 2024.

The Board approved staff's recommendation and ordered that the certificate of Respondent be revoked, and that the Respondent be assessed an administrative penalty of \$10,000 and administrative costs of \$506.70.

- XII. Ms. Vallés-Pankratz moved to approve Jeannette P. Smith, CPA as the new assistant presiding officer of the Board while temporarily maintaining her duties as Board Secretary. Mr. Garcia seconded the motion and it passed unanimously.
- XIII. Ms. Seefeld reviewed the meeting schedule for the year.
- XIV. Ms. Espinoza-Riley moved to adjourn the meeting at 12:20 p.m. Mr. Garcia seconded.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Jeannette P. Smith, CPA,
Assistant Presiding Officer/Secretary

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

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