

93-269

TEXAS STATE BOARD REPORT

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Emerging issues

Board studying effects of foreign reciprocity

How will NAFTA affect the accounting profession?

In anticipation of the possible passage of the *North American Free Trade Agreement* (NAFTA) and to determine how the accounting profession in Texas anticipates maximizing the benefits and minimizing any negative aspects of this treaty, the Texas State Board of Public Accountancy has begun studying the treaty's potential implications.

If NAFTA is approved, a Mexican *contadore publico* would be eligible for reciprocity under Section 13(b) of the Act, which states, "The Board may issue a certificate by reciprocity to the extent required by treaties entered into by the government of the United States." The *Canada - U.S. Free Trade Agreement* has permitted reciprocity of accountants of those two countries since 1989, and in April, 1992, the Board adopted, in concept, the NASBA/AICPA position paper, *Principles for Reciprocity* relating to reciprocity between the

U.S. and Canada.

Foreign accountants may currently become licensed in Texas by registering under Section 14 of the *Public Accountancy Act*, which provides for registration of certified public accountants of other states and persons holding similar titles in foreign countries who qualifications meet those required of Texas CPAs. Section 14(a) states:

A certified public accountant of another state or the holder of a certificate, license, or degree authorizing him to practice public accountancy in a foreign country may register with the board as a certified public accountant of such other state or as holding such certificate, license, or degree of a foreign country, if the board determines that the standards under which the applicant became a certified public accountant or received such certificate, license, or degree were as

high as the standards of this state at the same time for granting the certificate of certified public accountant. A person so registered must describe himself as a certified public accountant of the state which issued the certificate or use the title held in a foreign country, and the state or the country must be indicated. (emphasis added)

The National Association of State Boards of Accountancy (NASBA), through its International Reciprocity Committee, and the American Institute of CPAs are continuing to study international reciprocity and the short and long-term implications of NAFTA on the accounting profession. After reviewing the U.S. and Canadian uniform examinations, NASBA, the AICPA, and Canada's International Qualifications Appraisal Board

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Board actions

Complaint No.: 92-07-59L

Respondent: Jesse Lynn Austin

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a prohibition on performing audits based upon violations of Section

21(c)(4) of the *Public Accountancy Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules of Professional Conduct*.

CE rule amended

The Board has amended Rule 523.63 (Mandatory CE Attendance) in order to simplify it and to bring it into conformity with the *Public Accountancy Act of 1991*. The complete text of the rule is shown below.

Section 523.63. Mandatory CE Attendance

(a) *An individual holding a license shall complete at least 120 hours of continuing professional education every three years. The individual shall complete at least 20 hours of continuing professional education each year.*

(1) *An initial licensee, one who is paying the license fee during the first biennium, shall be exempt from the requirement for the biennial period during which the applicant was first licensed.*

(2) *A former licensee whose certificate or registration shall have been revoked for failure to pay the license fee and who makes application for reinstatement, shall pay the required fees and penalties and shall accrue the minimum CE credit hours missed.*

(3) *The board will consider granting an exemption from the continuing education requirement on a case-by-case basis if:*

(A) *a licensee completes and forwards to the board a sworn affidavit indicating that the licensee will not be employed during the biennium for which the exemption is requested. A licensee who has been granted this exemption and who reenters the work force shall be required to accrue continuing education hours missed as a result of the exemption subject to a maximum of 200 hours. Such continuing education hours shall be accrued from the technical area only as described in Section 523.2 of this title (relating to Standards for CPE Program Development.)*

(B) *a licensee completes and forwards to the board a sworn affidavit indicating no association with accounting work. The affidavit shall include, as a minimum, a brief description of the duties performed, job title, and verification by the licensee's immediate supervisor.*

(i) *For purposes of this section, the term "association with accounting work" shall include the following:*

(I) *working or supervising work performed in the areas of financial accounting and reporting; tax compliance, planning or advice; management advisory services; data processing; treasury; finance, or audit; or*

(II) *representing to the public, including an employer, that the licensee is a CPA or public accountant in connection with the sale of any*

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The respondent failed to comply with industry standards in performing an audit.

Complaint No.: 88-12-01L

Complaint No.: 90-11-11L

Respondent: David P. Bohn

Date of Board Ratification: 1/28/93

Disposition: While suspended, the respondent offered accounting services to the public. Upon notification by the Board that his actions violated the terms of the suspension, the respondent agreed to cease further violations; however, he continued to hold out and to offer accounting services. In addition, the respondent defaulted on the terms of the payment of the \$1,800 in administrative costs assessed in the complaints, the subject of the prior hearing. The respondent's certificate was revoked.

Complaint No.: 91-12-13L

Respondent: Stephen A. Boone Jr.

Date of Board Ratification: 1/28/93

Disposition: The respondent chose to voluntarily surrender his certificate because he no longer wished to practice public accountancy. The Board began an investigation of the respondent for practicing public accounting while on suspension for continuing professional education violations.

Complaint No.: 92-06-01L

Respondent: Barry C. Botti

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a reprimand and, in addition to the continuing professional education required of all licensees, to take an additional sixteen hours of continuing professional education relating to governmental accounting and reporting and to submit to the Board satisfactory evidence of completion of these courses. The respondent failed to follow industry standards in preparing an audit in violation of Section 21(c)(4) of the *Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*.

Complaint No.: 92-07-54L

Respondent: Norman W. Burke

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a prohibition on audits, compilations, and reviews based upon his violations of Section 21(c)(4) of the *Act* and Sections 501.21 (Compe-

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1-800-289-7053

tence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*. The respondent failed to comply with industry standards in preparing financial statements.

Complaint No.: 92-10-22L

Respondent: Larry E. Caldwell

Date of Board Ratification: 1/28/93

Disposition: Based upon violations of Sections 21(c)(4) and 21(c)(11) of the *Act* and Sections 501.32 (Records), 501.41 (Discreditable Acts), and 501.48 (Responses) of the *Rules*, the respondent agreed to a reprimand; to pay \$750 in administrative costs; to pay the complainant \$400; and to take eight hours of continuing professional education in professional ethics. The respondent withheld client records and failed to respond to Board communications.

Complaint No.: 91-09-03L

Respondent: Michael H. Carney

Date of Board Ratification: 1/28/93

Disposition: Based on violations of Sections 21(c)(2) and 21(c)(4) of the *Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*, the respondent agreed to: (1) a reprimand; (2) a three-year prohibition against performing audits; (3) pay \$1,462 in administrative costs; and (4) take twenty additional hours of continuing professional education during the years 1993, 1994, and 1995. The respondent failed to complete an audit in a competent manner.

Complaint No.: 92-03-36L

Respondent: Paul Douglas Cron

Complaint No.: 92-03-34L

Respondent: Jack Charles Ewing

Complaint No.: 92-03-35L

Respondent: Jose A. Hinojosa

Date of Board Ratification: 1/28/93

Disposition: The respondents agreed

to immediately stop practicing accounting through a non-registered entity and to stop all uninvited solicitations. They violated Section 21(c)(4) of the *Act* and Sections 501.40 (Licensing/Registration Requirements) and 501.44 (Soliciting) of the *Rules* by practicing public accounting through *Dial-a-Check Payroll Service*, a subsidiary of *Johnson, Hinojosa, Cron & Company, P.C.*, and engaged in telephone solicitation of potential clients for *Dial-a-Check*.

Complaint No.: 89-08-12N

Complaint No.: 91-12-12L

Respondent: Kenneth M. Davis

Date of Board Ratification: 1/28/93

Disposition: Based on violations of Sections 8, 21(c)(4), and 21(c)(11) of the *Act*, and Sections 501.41 (Discreditable Acts) and 501.48 (Responses) of the *Rules*, the respondent agreed to pay \$300 in administrative costs and to revocation of his certificate. He held out as a CPA subsequent to the time that his license was suspended for failure to complete the required number of hours of continuing professional education.

Complaint No.: 92-07-12L

Respondent: Karim Dhanani

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to a reprimand and to pay \$300 in administrative costs based on violations of Section 21(c)(4) of the *Act* and Section 501.48 (Responses) of the *Rules*. The respondent failed to respond to Board communications.

Complaint No.: 92-07-53L

Respondent: F.G. Fincher

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to: (1) schedule an accelerated peer review; (2) engage a qualified outside technical consultant to review all the respondent's attest work, including audits, compilations, and reviews; and

(3) submit the review, the letter of comments, and his responses thereto, to the Technical Standards Review Committee. The complaint was based on the respondent's violations of Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the *Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*. He failed to comply with industry standards regarding audited financial statements.

Complaint No.: 92-01-02L

Respondent: Julius L. Heard III

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to a reprimand based on violations of Sections 8, 10, 11, and 21(c)(4) of the *Act* and Sections 501.40 (Licensing/Registration Requirements), 501.43 (Advertising), 501.46 (Form of Practice), and 501.47 (Firm Names) of the *Rules*. On three occasions the respondent placed misleading advertising, had an accounting office open without a resident manager in charge, and practiced through *Heard & Associates* when he had no associates and before registration with the Board was finalized.

Complaint No.: 93-02-35L

Respondent: Edward M. Hopkins

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a reprimand and a prohibition on governmental audits based upon violations of Section 21(c)(4) of the *Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*. The respondent failed to comply with industry standards in preparing financial statements.

Complaint No.: 90-12-04L

Complaint No.: 91-02-39L

Complaint No.: 92-07-09L

Respondent: Billy Ray Jacoby

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to revocation of his certificate based on violations of Sections 21(c)(2), 21(c)(4), 21(c)(5), 21(c)(6), and 21(c)(11) of the *Act* and Sections 501.12 (Integrity and Objectivity), 501.21 (Competence), 501.41 (Discreditable Acts), and 501.48 (Re-

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POLICY STATEMENT ON PUBLICATION OF DISCIPLINARY AND ADMINISTRATIVE ACTIONS

Board Rule 519.29 authorizes the publication in its newsletter the name of each certificate or registration holder who is the subject of a disciplinary action.

Although every effort is made to provide correct information, readers should verify accuracy prior to making a decision based on this publication.

Board actions

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sponses) of the *Rules*. In addition, he is required to pay the Board \$300 in administrative costs prior to applying for reinstatement of his certificate. The respondent failed to complete tax returns; failed to respond to Board communications; divulged confidential client information; and was convicted in state and federal courts for criminal acts related to securities fraud and forgery.

Complaint No.: 91-07-24L

Respondent: Mark Keys

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to a reprimand for violations of Section 21(c)(4) of the *Act* and Section 501.32 (Records) of the *Rules*. The respondent withheld client records.

Complaint No.: 91-10-38L

Respondent: Charles Lowe Packer

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to a reprimand for violations of Sections 8, 15A, and 21(c)(4) of the *Act* and Sections 501.25 (Mandatory Continuing Education), 501.46 (Form of Practice), 501.47 (Firm Names), and 501.48 (Responses) of the *Rules*. The respondent engaged in the following activities: (1) failed to respond to Board communications within thirty days as required; (2) practiced public accounting through an entity not registered with the Board and; (3) failed to comply with continuing professional education requirements for the 1991 through 1993 reporting periods.

Complaint No.: 92-07-14L

Respondent: G.K. Pillai

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a reprimand based on violation of Section 10(a)(3) of the *Act*. He advertised that he had two offices open, one of which was not a registered practice unit.

Complaint No.: 92-08-04L

Respondent: Sam Scott Ragsdale

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a reprimand, to refrain from performing audits or reviews and to take an additional sixteen hours of continuing professional education relating to compilations. The respondent failed to follow industry standards in preparing audited financial statements in violation of Section 21(c)(4) of the *Act* and Sec-

tions 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*.

Complaint No.: 90-08-22L

Respondent: Paul Wayne Reynolds

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to a three-year limitation on his practice of public accountancy and an assessment of \$2,500 in administrative costs for violating Section 501.21 (Competence) of the *Rules*. The matter was referred to the Board by the Texas Dept. of Insurance. The respondent prepared and issued financial statements which were not prepared in accordance with GAAP and GAAS.

Complaint No.: 92-03-51L

Respondent: William Robert Selph Jr.

Complaint No.: 92-03-52L

Respondent: Joe B. Friday Jr.

Complaint No.: 92-03-53L

Respondent: Selph & Friday

Date of Board Ratification: 1/28/93

Disposition: The respondents agreed to a reprimand based upon their violations of Section 21(c)(4) of the *Act* and Sections 501.40 (Licensing/Registration Requirements), 501.42 (Acting through Others), 501.43 (Advertising), and 501.44 (Soliciting) of the *Rules*. The respondents practiced public accounting through a non-registered entity, engaged in uninvited solicitations and in misleading advertising, all in an effort to convince retailers to become fast tax refund outlets on the firm's behalf.

Complaint No.: 92-01-04L

Respondent: Elwin M. Shaw

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to voluntarily surrender his certificate if he does not notify the Board, within 120 days, that he registered his practice unit, paid all past-due license fees and penalties, and completed 100 hours of continuing professional education. The respondent practiced public accounting without a license, which had not been issued due to his failure to accrue and/or report sufficient continuing professional education hours and his failure to pay 1992 license fees. Further, the respondent practiced through an unregistered entity. These actions were in violation of Sections 8, 10, 15A, 21(c)(4), and 21(c)(11) of the *Act* and Sections 501.40 (Licensing/Registration Requirements), 501.46 (Form of

Practice), and 501.47 (Firm Names) of the *Rules*.

Complaint No.: 92-05-28L

Respondent: Rodney F. Sparks

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to a revocation of his certificate and to pay \$300 in administrative costs based upon violations of Sections 21(c)(2), 21(c)(4), 21(c)(8), and 21(c)(11) of the *Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), 501.24 (Other Professional Standards), and 501.41 (Discreditable Acts) of the *Rules*. The respondent knowingly and intentionally committed fraud while practicing before the Securities and Exchange Commission.

Complaint No.: 90-10-28L

Respondent: Frank O. Walker

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a prohibition on audits and reviews based upon violations of Section 21(c)(4) of the *Act* and sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*. The respondent failed to comply with industry standards in preparing financial statements.

Complaint No.: 92-07-03L

Respondent: Thomas W. Welch

Date of Board Ratification: 3/11/93

Disposition: The respondent agreed to a reprimand based on violations of Section 21(c)(4) of the *Act* and Sections 501.40 (Licensing/Registration Requirements), 501.43 (Advertising), and 501.44 (Soliciting) of the *Rules*. The respondent practiced public accounting through a non-registered entity, engaged in uninvited solicitation, and referred to himself as a "specialist" in the letter.

Complaint No.: 92-04-07L

Respondent: C. Brent Young

Date of Board Ratification: 1/28/93

Disposition: The respondent agreed to surrender certificate based upon violations of Sections 21(c)(2) and 21(c)(4) of the *Act* and Sections 501.21 (Competence), 501.23 (Accounting Principles), and 501.24 (Other Professional Standards) of the *Rules*. The respondent failed to follow industry standards in preparing a compilation of a balance sheet.

ADMINISTRATIVE ACTIONS

Complaint Nos.: 92-08-00101 through 92-08-01911

Date of Board Ratification: 1/28/93

Respondents: Adams, Michael Wayne; Alcorn, Willie Frank; Amdall, William John; Arens, Diane Susan; Arthur, Harris Wyland; Austin, David Michael; Baker, Henry William Jr.; Balbona, Sergio A.; Baldrige, John Lewis III; Banister, Andrew James; Barbour, Matthew Damien; Barroll, Andrew Jay; Besecker, Lynn W.; Beckstead, Kim B.; Bell, David E.; Bennawy, Brian K.; Bernstein, Richard Lee; Biaik, Jeffrey V.; Bishop, Laquinta W.; Black, John Roy III; Blum, William R.; Bond, Billy Ray; Bost, Patricia L.; Bowden, Bryan Joel; Boyd, Arthur Brian; Breimeister, Scott A.; Brookner, Mark Jay; Brooks, Gary Mitchell; Brooks, Michael Martin; Broussard, Roland C.; Brumlow, Alva Lee Price Jr.; Buescher, Williford H.; Bufkin, Richard Lewis; Byers Hall Phillip Jr.; Byrd, Robert Allen; Campbell, Robert B.; Carlson, Cheryl Jan; Carpenter, Jimmy Harrell; Carr, Robert John; Cass, Arthur Baron III; Chapman, Howard A.; Charlot, Henry R. Jr.; Cheatham, Kenneth R.; Claes, Drew William; Clark, Judith Lin; Clausen, David R.; Cleghorn, Derrill F. Jr.; Cohen, Albert J.; Cole, Charles H. Jr.; Cole, James Grady; Collins, William R. III; Collis, Donald David; Conroy, Michael Anthony; Corley, Marshall B.; Craig, Andrew P.T.M.; Crouch, Robert Neil II; Crow, Donald Roy; Cumming, Thomas Newton Jr.; Darden, Kenneth Ray; Darnell, William Reid; Daughtery, James E. III; Davis, Steven M.; Decourcy, George Alan; Dell'Osso, Domenic J.; Dempsey, Stephen G.; Dharmagunaratne, Tissa C.; Diven, Paul Alan; Donell, Alvern C. Jr.; Downs, Douglas Roy; Drake, Chester Myrick III; Drew, Robert M.; Duck, John Michael; Dunn, Robert Mason; Dupnick, Selvin Max; Dykema, Ramsey Scot; Ebersole, Guyleene Harmon; Eduardo, Alfredo R.; Edwards, Barbara Anne R.; Ehrhardt, Jan Josey; Esch, John William; Fair, Gregory A.; Faulwell, Gerald Edward; Fegley, Craig Eugene; Felton, Rodney Lee; Flatley, William Michael; Floyd, Charles Grant Jr.; Flynt, Janie Ruth J.; Foederer, Nancy Jean E.; Foerster, Charles Joseph; Forsyth, William Charles; Franklin, Larry Daniel; Frase, David Melvin; Freil, James Ed-

ward; Fregault, Robert Paul; Gaffigan, Michael V.; Gaitonde, Prabhakar S.; Gallers, Steven Scott; Gardner, Clifford Wesley; Garoon, Lisa Ann; Garrett, William H.; Genzer, Ronald Joe; Gerates, Jerome George; Gerstler, Gregory M.; Geyer, Charles Duane; Gilbert, Kenneth B.; Gilbreath, E.C.; Gillespie, Larry Robert; Gilmore, Curtis Wayne; Gizaw, Getachew; Goff, James Peter; Goldhirsch, Joel B.; Gomez, Drusilla Wallace; Graham, George Walton; Green, Ronald Marty; Gregg, Morris Ray; Griffin, Arnold Alan; Griggs, Jack Allen; Grijalva, Jaime; Grinaker, Robert Lee; Gross, James Michael; Gustafson, Eric Raymond; Haas, Stuart W.; Hagood, Rose Esther; Hailey, Michael Earl; Hall, Michael James; Harding, Barry Lee; Hare, Othello Oscar Jr.; Harting, Pamela Kay; Hatfield, Ronald Coy; Hatten, Herschel Wayne; Hawman, Raymond Dale; Heiligenthaler, Scott Allan; Henderson, Claude Douglas; Hensley, Joseph Allen; Hicks, Jimmy C.; Hill, Paul Lyon; Hill, Stephen John; Hillard, Patricia Ann; o, Yu-Tung Christina; Hoelscher, Ronald James; Holbrook, Sandra Louise; Hollis, Talka Deanne Carlisle; Holm, Nicholas Joseph; Holt, Deborah McCool; Homeyer, William Polk; Hood, Larry Gardell; Horstmann, Larry Gene; Hotz, Donald J.; Howle, Jeffrey Parker; Hudgens, Harold Raymond; Hunt, John Wilmont; Isenbee, Joan Catherine; Ivy, Kim Michael; Jackson, Aaron Dennard; Jackson, Larry Vester; Jackson, Martha Drudell; Jackson, Stephen Waco; Jefferies, Thomas R.; Johnson, Jim Scott; Jones, Chester Milton; Jones, Timothy Keith; Jones, William Oliver; Jurden, Wilbur Lawrence Jr.; Jury, Donald Keith; Kabler, Harry; Kapp, Kenneth Gerard; Keeler, Robert Dale; Kineavy, John Brian; Kirchofer, John Drew; Kirchofer, Louis Leslie Jr.; Kirstein, Paul Elton; Klein, Robert C.; Knox, Ed Lee; Kohli, Bhavjeet; Komenovich, Dan Peter; Kornblith, Harvey Lee; Krauth, Joan Elyn B.; Kuchera, Deborah Lynn; Kuehler, Martin Anthony; Kuenzli, Keith Allen; Kuhn, Millie Jean B.; Kusenberger, John Shelton; Lake, Peyton Myers; Lam, Naomi Fulan; Lam, Poon-Chung; Lau, Phillip M.; Leach, Patti Webb; Lecoche, Frank Paul; Legg, Larry W.; Levine, Michael L.; Lewis, Terry W.; Ligon, John Drew; Lilley, Lester Leon; Lindquist, Philip Mark; Linton, William R.; Lo, Wen-yuan; Lokken, Michael Owen; Long, Kathleen G.; Looney, James D.; Lovell, Paul Artell; Maddox, Kenneth W.; Magill, Michael D.;

Maley, Gerald A.; Manning, Billy Floyd; Marquez, Mario; Mason, Richard Bruce; Maximose, Amel Lofty; McDaniel, Terry Mills; McDowell, Frank Carl; McGee, Patrick Earl; McGuire, Scott T. III; McIntyre, Lamar Calvert; McKinney, Roger Dale; McLaughlin, Donald N.; Miller, Joanne Karen B.; Miller, Johnny Michael; Millican, Roberta Sue; Mills, John Alton Jr.; Mills, John Cecil; Milner, Morris Mickey; Minshew, David Clyde; Moczygemba, Pelagius D.; Monroe, Benjamin Wade; Montgomery, Gail M.; Moore, Francis Aldrich III; Moore, Olivia Joyce Scott Carr; Moore, Randall Keith; Morrison, Amos Roy; Mosley, Terri Lynn; Mouck, Tom William; Mullins, Bobby Howard; Murphy, Donald E.; Nasca, William Anthony; Natho, Harold Ray; Newman, Paul Wesley Jr.; Neyland, Robert Reece; Nodwell, Lemont Ernest Sr.; Norris, Dwain Lee; O'Kelley, Ronald Lee; O'Neal, Curtis Ray; Ocampo, Jesus Sayson; Oestreich, Richard Lee; Oldham, Larry Clayton; Orren, Julie Ann; Outler, Betty Louise; Pantermuehl, Sheri Louise; Parlongo, Joseph Bruno; Partington, John David; Pena, Guillermo Mansanales; Penat, Ravindran; Pennell, John Clarence; Peters, David James; Piekieniak, John Fredrick; Pitman, William Scott; Pollard, Jesse Bruce Jr.; Poole, Troy Winfred Sr.; Poss, James Michael; Powell, Thomas Edward; Power, John Michael; Price, Lawrence Ray; Price, Sheila Sherice; Price, Walter Edward; Primacio, Jose Caballero; Ramsey, Jack Borin Jr.; Randel, Randy Wayne; Ratliff, John Ernest; Reamer, Ralph Eugene; Rector, Robert Lee Jr.; Reece, Coby Phillip; Reimer, Kenneth Frank; Richter, Harvey Walter; Riederman, Helene Lisa R.; Rios, Roberto; Robbins, Martha Catherine; Roberts, John Patterson; Robison, Paul Leroy Jr.; Roll, Royce Stuart; Ross, Nancy Leigh; Rowe, Mark Steven; Rucker, Jon Kevin; Ruggiero, Edward Lloyd; Rush, Andrew Raymond; Rush, Dan Edwin; Russell, John Terrill II; Russell, Steven Verner; Sanchez, Pedro Torres; Sander, Madelene Thomas; Sawyer, James Edward; Scheiderich, Richard James; Schickler, Raymond George; Schnoor, David James; Schulman, Samuel David; Schultz, Douglas R.; Scoggin, Phillip Carroll; Self, Michael Wayne; Shanklin,

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Board actions

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Vicia Pettus; Shearer, Douglas Mark; Shultz, Gary Max; Siebern, Vincent Edward; Sikes, Wayne Clifton Jr.; Silva, Guadalupe; Sims, William Thomas; Sivess, James Robert; Smith, Sara Elizabeth E.; Smothermon, Rex Howard; Solomon, Carol Ann; Souders, Thomas Edward Jr.; Stanford, John Paul; Stewart, Robert William III; Stieber, Holly Snowden; Streller, Richard Lee; Stroope, Charles Lynn; Suarez, Richard; Sutter, Robert James; Sutton, John Breckinridge; Tallichet, Henri Lucien; Tatge, Terry Neilan; Taylor, Harry Lee;

Taylor, Roy Lynn; Temperly, Tim Duane; Thoele, Jerry Robert; Thomas, Stanley Watson; Tieken, Gregory Charles; Tinney, Floyd Calvert Jr.; Toribio-Salcedo, Ascencion; Trier, Clayton Keal II; Trujillo, Richard J.; Trussell, Larry Joe; Tuttle, Philip Alpard; Underwood, Joe Don; Vail, Robert Stanley; Vertrees, Scott Nolan; Wada, Misoon Song; Waggenspack, Walter James; Wagner, Rex Robert; Walsh, Gregory Fortune; Walter, Thomas Edward; Wang, Theodore T.F.; Watson, Harry Thomas; Watson, Samuel J.; Weeaks, Billy C.; Wei, Wen-Ming; Werme, Russell Arnold Jr.; Westlake, Kelly Aubrey; Wheeler, Mary Patricia; Whichard, Taylor Marshall III; Wiggs, Michael Jay; Wilber,

Robert Edwin; Wilkerson, Mark Stevens; Wilkin, Raymond Edmond; Williams, John David; Wilson, David Eunice; Wingler, John Roland; Wollard, Bobby Lee; Woo, Jimmy Ming-Der; Woo, Thomas Nelson; Wright, Kevin Regan; Wuensche, Vernon Edgar; York, Tommie Jo; Young, William Hollis.

Disposition: The license of each respondent was suspended for five years or until such time as the licensee is in compliance with the continuing professional education requirements, whichever comes first. The respondents' actions violated Section 15A of the *Act* and Sections 501.25 (Mandatory Continuing Education) and 523.63 (Mandatory CE Attendance) of the *Rules*. □

Foreign reciprocity

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are satisfied that both countries' uniform examinations are comparable when combined with their respective education and experience requirements.

Breaking down the barriers.

Several non-tariff barriers of NAFTA have been identified, the most obvious being language, particularly with regard to Mexico (although in Quebec a chartered accountant applicant must also demonstrate a working knowledge of French). More important, however, are the differences between U.S. and Mexican accounting practices. For instance, generally accepted accounting standards (GAAS) and generally accepted auditing principles (GAAP) would need to be reconciled with Mexico's accounting standards, and the education, examination, and experience requirements would have to be evaluated through an "equalization" procedure on both sides

of the border to enable U.S. CPAs to gain entry to practice in Mexico and *contadores publicos* to practice in the U.S. The Canadian Institute of Chartered Accountants has been offering such an equalization examination for several years.

The minimum qualifications for a Canadian chartered accountant are very similar to the qualifications for a Texas CPA. Twice a year Canada examines reciprocal candidates on Canadian taxation and law¹, as well as on the Canadian Institute of Chartered Accountants' rules of professional conduct. However, the Board is still evaluating the requirements for becoming a Mexican *contadore publico*.

The equalization exam.

The most crucial undertaking will be the development of an examination to test Mexican accountants' knowledge of state and federal accounting regulations/standards, including GAAP and GAAS. Such an examination for Canadian chartered accountants, called the

Canadian Chartered Accountant Uniform Certified Public Accountant Qualification Examination (CAQEX), has been prepared by the AICPA and is scheduled to be administered the first time on November 4, 1993, coinciding with Accounting Practice II of the Uniform CPA Examination.

An exposure draft entitled *Information for Canadian Chartered Accountant CPA Candidates* has been issued by the AICPA in anticipation of CAQEX. A Canadian chartered accountant must apply for CAQEX through the board of accountancy in the state in which reciprocity is sought. It is the responsibility of each individual state board of accountancy to determine whether it will administer the examination at all; if it chooses to honor the equalization examination, it will then establish policies and procedures to insure that only chartered accountants in good standing who have passed the Canadian Uniform Final Examination and who have met the other requirements of the particular state board of accountancy to become a CPA are allowed to write it. The Texas Board plans to begin considering rules on this subject within the next few months in order for the rules to be in effect by November, 1993. □

¹ A candidate for Canadian reciprocity may satisfy the law examination requirement by completing an Institute-approved university law course. A correspondence course is also available through the University of Waterloo's Centre for Accounting Research and Education; however, only an individual who is registered as a membership candidate and who is a resident of Ontario is permitted to enroll in the correspondence course.

BOARD OFFICE RELOCATION

Tentative plans are underway to relocate the Board's office between **June 11-16**. Every attempt will be made to keep Board operations as normal as possible during this period; however, your patience is requested in the event of telephone delays or other unforeseen inconveniences. The new office address will be:

**Texas State Board
of Public Accountancy
333 Guadalupe,
Suite 900
Tower 3
Austin, TX 78701**

Further information, including the new telephone numbers, will be published in the next issue of the *Texas State Board Report*. □

**Have you moved?
Let the Board know!**

FUTURE MEETINGS

**Texas State Board
of Public Accountancy**

May 14, 1993
July 8, 1993
September 2, 1993
November 12, 1993

**Regional Swearing-in
Ceremonies**

June 5, 1993
November 13, 1993

Amendments to Rules of Professional Conduct

The following *Rules of Professional Conduct* have recently been amended. Please clip them and attach them to the August, 1992, special edition of the *Texas State Board Report* (Vol. 45) containing all *Rules of Professional Conduct*.

Section 501.4. Practice of Public Accountancy.

A certificate or registration holder may not practice public accountancy (as defined in Section 501.2 of this title (relating to Definitions)) unless he or she holds a valid license issued by the board. A license is not valid for any date or for any period prior to the date it is issued by the board and it automatically expires and is no longer valid after the end of the calendar year for which it is issued.

Section 501.39. Frivolous Complaints.

A certificate holder who, in writing to the board, accuses another certificate holder of violating the rules of the board, shall assist the board in any investigation and/or prosecution resulting from the written accusation. Failure to do so, such as not appearing to testify at a hearing or to produce requested documents necessary to the investigation or prosecution, without good cause, shall be prima facie evidence of a frivolous complaint and a violation of these rules. ✂

Section 501.40. Licensing/Registration Requirements.

A certificate or registration holder must perform accounting functions through an entity registered with the board pursuant to the Public Accountancy Act, Section 10. Accounting functions include, but are not limited to, the preparation of tax returns or the furnishing of advice on tax matters, bookkeeping services, the issuance of reports on financial statements, the furnishing of management advisory or consulting services, and the sale, advice, or management of computer software which includes or implies an expertise in accounting. Not included, however, is a certificate holder performing accounting services as an employee, partner, or shareholder of, and exclusively for:

- (1) federal, state, or local governmental entities; or
- (2) an employer or firm not offering accounting services to the public.

Section 501.46. Form of Practice.

A certificate or registration holder may practice public accountancy only in a proprietorship, a partnership, a limited liability company, a registered limited liability partnership, a professional public accounting corporation organized under the Texas (professional Corporation Act, as amended (Article 1528e, Vernon's Texas Civil Statutes), or other corporation authorized by applicable statutes, or an equivalent law of another state, territory, or foreign country, or as an employee of one of these entities. ✂ □

JIM OLIVER WINS CONTEST

San Antonio CPA James R. Oliver Jr. has won *Money* magazine's sixth annual tax preparation contest by most correctly preparing a hypothetical income tax return. He underestimated the target answer of \$35,643 in taxes due by \$4, and made only one outright error, according to the March, 1993, issue of *Money*.

Oliver, a CPA since 1978, was among fifty CPAs, enrolled agents, and other professional tax preparers from across the country invited to enter the contest. Of the 41 participating, the contestant with the next-closest correct answer was a New Jersey CPA who was \$31 over the target. A Wisconsin CPA who overestimated the tax due by \$38,807 was furthest from the correct answer.

Continuing education rule

continued from page 2

services or products, including such designation on a business card, letterhead, promotional brochure, advertisement, or office; or

(III) offering testimony in a court of law purporting to have expertise in accounting and reporting, auditing, tax, or management advisory services; or

(IV) for purposes of making a determination as to whether the licensee fits one of the categories listed in this subclause and subclauses (I)-(III) of this clause, the questions shall be resolved in favor of inclusion of the work as "association with accounting work."

(ii) A licensee who has been granted this exemption and who loses the exemption shall accrue continuing education hours missed as a result of the exemption subject to a maximum of 200 hours. Such continuing education hours shall be accrued from the technical area only as described in Section 523.2 of this title (relating to Standards for CPE Program Development);

(C) a licensee not residing in Texas, who submits a sworn statement to the board that the continuing education requirements for a resident of the resident jurisdiction have been met;

(D) a licensee shows reasons of health, certified by a medical doctor, that prevent compliance with the CE requirement. A licensee must petition the board for the exemption and provide documentation that clearly establishes the period of disability and the resulting physical limitations;

(E) a licensee is on extended active military duty, does not practice public accountancy during the biennium for which the exemption was granted, and files a copy of orders to active military duty with the board; or

(F) a licensee shows reason which prevents compliance, that is acceptable to the board.

(4) A licensee who has been granted the retired or disabled status under Section 515.8. Retirement Status or Permanent Disability is not required to accrue continuing education.

Please retain this rule for reference until the new brochure containing all continuing professional education rules is published this summer.



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