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TEXAS STATE BOARD REPORT

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How the Board enforces the Act and rules

The Board's disciplinary procedures

The Board's authority.

Rapid growth in the public accounting profession in Texas has increased the demand on the Board for timely, active, and responsible enforcement of the *Public Accountancy Act of 1991, as amended* (the "Act"), the Board's *Rules of Professional Conduct*, and the Board's rules governing licensing, continuing professional education, and quality review.

The Act, the law governing the practice of public accounting in Texas, empowers the Board to investigate complaints against CPAs and CPA firms filed by the public, other CPAs, and entities such as government agencies. The Board is also empowered by the Act to enforce all CPA certification and licensing regulations, including continuing professional education, quality review, and other licensing requirements. These duties are generally handled by the Board's Enforcement Division, although some cases are referred to the Attorney General's office.

Step one . . .

the investigation process.

An investigation is opened upon receipt of a written allegation or upon the Board's own motion. A CPA who is the subject of an investigation is notified of the allegations

and is provided with copies of all relevant materials. The CPA is required by rule to respond to the complaint within thirty days.

The Board maintains a file on each complaint, which includes the original allegation(s) and supporting material, information produced during the course of the investigation, and a synopsis of telephone conversations relating to the complaint. The confidentiality provisions of the Act prohibit the release of the file to anyone without the licensee's approval (except for privileged information); it is available only to the licensee or the licensee's

designated representative, usually an attorney. The complainant is informed only of each change in the status of the investigation.

During an investigation, the Enforcement Division staff may contact other state agencies which may have related records, as well as public sources such as newspapers. Any pertinent material uncovered may be submitted to the licensee for comment, and then submitted to the appropriate Board committee for review.

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Public member Janet Parnell appointed

Janet F. Parnell, a rancher from Canadian, Texas, has been appointed to the Board by Gov. George W. Bush, replacing Stanley L. Blend, a public member whose term expired.

After receiving a BBA in accounting from Texas Tech University in 1960, Ms. Parnell worked in the Lubbock and Canadian school districts and has been owner/manager of a Sears Authorized Catalog Store. Ms. Parnell and her husband own the Parnell Ranch in Canadian, where she is the office manager.

She is active in civic activities, including serving as director and president of the Canadian/Hemphill County Chamber of Commerce and as chairman of the Hemphill County Republican Party. Ms. Parnell is also a member of the Daughters of the American Revolution and the Colonial Dames XVII Century.

ENFORCEMENT ACTIONS

Disciplinary Actions

Respondent: P. Jack Adams (Houston)

Certificate No.: 008576

Complaint No.: 94-06-05L

Date of Board Ratification: 4/19/95

Disposition: The respondent's certificate was suspended for five years or so long as he is on probation, whichever is shorter, and he was assessed \$835 in direct administrative costs. The respondent pled no contest to the felony charge of misapplication of fiduciary property and received a ten-year deferred adjudication. The respondent was ordered to pay court costs, to perform 240 hours of community service, and to pay restitution. He misused and failed to properly forward premiums for the complainant's life insurance policy, which was the main asset of a trust for which he was the trustee. The respondent violated *Sections 21(c)(5) and 21(c)(6) of the Act and Section 501.41 (Discreditable Acts) of the Rules.*

Respondent: Robert Algaze (Houston)

Certificate No.: 045216

Complaint Nos.: 93-10-84L and 94-01-10L

Date of Board Ratification: 6/29/95

Disposition: The respondent was assessed \$415 in direct administrative costs and his certificate was suspended for three years, the first six months to be actually served and the remainder of the suspension to be probated, based on violations of *Sections 21(c)(2), 21(c)(4) and 21(c)(11) of the Act and Sections 501.21 (Competence), 501.32 (Records), 501.41 (Discreditable Acts), and 501.48 (Responses) of the Rules.* He failed to complete an engagement, to return client records, and to respond to Board correspondence. The respondent received a one-year, fully-probated suspension from the State Bar.

Respondent: Jerrold A. Black (Baton Rouge, LA)

Certificate No.: 031167

Complaint No.: 94-12-34L

Date of Board Ratification: 6/29/95

Disposition: The respondent pled guilty to mail fraud in violation of *Title 18, United States Code, Section 1341.* The respondent's certificate was voluntarily revoked in lieu of further disciplinary action. The respondent filed false financial reports and participated in the preparation of false annual financial statements. He violated *Sections 21(c)(2), 21(c)(4), 21(c)(5), 21(c)(6), and 21(c)(11) of the Act and Section 501.41 (Discreditable Acts) of the Rules.*

Respondent: James A. Block (Arlington)

Certificate No.: 007691

Complaint No.: 94-07-43L

Date of Board Ratification: 4/19/95

Disposition: The respondent's certificate was revoked and he was assessed \$915 in direct administrative costs. The respondent failed to obtain a license within three years from the expiration of his license, failed to respond in writing to Board communications, and practiced public accountancy without a license. He violated *Sections 8, 10, 21(c)(4), 21(c)(10), and 21(c)(11) of the Act and Sections 501.40 (Licensing/Registration Requirements), 501.41 (Discreditable Acts), and 501.48 (Responses) of the Rules.*

Respondent: Mildred F. Branham (Austin)

Certificate No.: 064483

Complaint No.: 94-08-24L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to a voluntarily revocation of her certificate in lieu of further disciplinary action involving *Sections 8, 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.4 (Practice of Public Accountancy) and 501.41 (Discreditable Acts) of the Rules.* The respondent allegedly embezzled \$20,757.51 from three of her employer's corporate accounts by writing fourteen unauthorized checks and forging a signature on one of them. Additionally, the respondent practiced public accountancy without a license.

Respondent: Alan G. Carter (Mount Pleasant)

Certificate No.: 033655

Complaint No.: 94-10-44L

Date of Board Ratification: 4/19/95

Disposition: The respondent agreed to a reprimand and to a limitation on his practice which prevents him from undertaking any audits, compilations, and reviews and which immediately prohibits him from issuing any reports on all audits, compilations, and reviews on which he is now engaged. The respondent further agreed that to maintain his certificate he would complete two college-level courses in intermediate accounting with a grade of B or better. The respondent also agreed that in order for him to conduct compilations in the future he must complete the TSCPA course of sixteen hours in compilations with a live instructor and he must update his library. Once he is granted permission to perform compilations, he must contract with an independent CPA to conduct pre-issuance reviews of any compilations for a period of one year.

The respondent failed to meet industry standards in his audited financial statements for a corporation. The respondent violated *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of*

the Public Accountancy 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.

Respondent: Earnest W. Cecil (Dallas)

Certificate No.: 006648

Complaint No.: 94-03-42L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to a reprimand based on violations of *Section 21(c)(4) of the Act and Sections 501.21 (Competence) and 501.41 (Discreditable Acts) of the Rules.* The respondent failed to recognize that the sales tax for the complainant's business was not being paid and failed to alert the complainant to this potential problem.

Respondent: Craig E. Davis (Austin)

Certificate No.: 010750

Complaint No.: 94-08-05L

Date of Board Ratification: 4/19/95

Disposition: The respondent's certificate was revoked and \$807 in direct administrative costs was assessed. The respondent: (1) failed to timely perform a partnership tax return; (2) failed to timely respond to Board communications; (3) practiced public accountancy without a license; and (4) failed to report the required CPE. The respondent violated *Sections 8, 15, 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.4 (Practice of Public Accountancy), 501.41 (Discreditable Acts), 501.48 (Responses), and 523.62 (Mandatory CPE Reporting) of the Rules.*

Respondent: Terry Wayne Davis (Plano)

Certificate No.: 033745

Complaint No.: 93-03-51L

Date of Board Ratification: 2/24/95

Disposition: The respondent resigned and surrendered his certificate in lieu of further disciplinary action involving *Sections 21(c)(2), 21(c)(4), 21(c)(9), and 21(c)(11) of the Act and Sections 501.11 (Independence), 501.12 (Integrity and Objectivity), 501.24 (Other Professional Standards), 501.33 (Working Papers), and 501.41 (Discreditable Acts) of the Rules.* The respondent pled guilty to one count of mail fraud, a felony offense. Additionally, it is alleged that he failed to return a borrowed computer and client files to his employer; obtained loans from clients of his former employer under false pretenses; made false entries in clients' files; diverted a client's IRS check; and, without the knowledge of his former employer, conducted audits when his independence was impaired.

Respondent: D. Anne Davis Dunn (Richardson)
Certificate No.: 026894
Complaint No.: 94-09-45L
Date of Board Ratification: 2/24/95
Disposition: The respondent's certificate was revoked and she was assessed \$835 in administrative costs based upon violations of *Sections 21(c)(4) and 21(c)(11) of the Act and Sections 501.25 (Mandatory Continuing Education), 501.41 (Discreditable Acts), 501.48 (Responses), 523.62 (Mandatory CPE Reporting), and 523.63 (Mandatory CPE Attendance)*. The respondent had not complied with the mandatory CPE reporting/completion requirements after her license had been suspended for five years.

Respondent: Robert G. Fitzwilliam (Bellaire)
Certificate No.: 026006
Complaint No.: 94-05-22L
Date of Board Ratification: 4/19/95
Disposition: The respondent's certificate was revoked and he was assessed \$915 in direct administrative costs. The respondent fraudulently borrowed money from a client and failed to repay the loan while preparing financial statements and doing tax work for the client; he also failed to respond to written communications from the Board. The respondent violated *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.11 (Independence) and 501.48 (Responses) of the Rules*.

Respondent: Tori Turner Fleming (Round Rock)
Certificate No.: 038457
Complaint No.: 94-10-03L
Date of Board Ratification: 4/19/95
Disposition: The respondent was allowed to resign and surrender her certificate in lieu of further disciplinary action involving *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Section 501.41 (Discreditable Acts) of the Rules*. The respondent allegedly embezzled \$415,000 from a law firm while employed as a CPA and controller of the firm.

Respondent: Darrow C. Garner (Austin)
Certificate No.: 017173
Complaint No.: 92-09-11L
Date of Board Ratification: 4/19/95
Disposition: The respondent agreed to a reprimand and to pay the complainant \$40,000 over a three-year period beginning December 15, 1994. The respondent is required to submit proof of payment to the Board within fifteen days of each payment. The respondent agreed that failure to comply with the agreed consent order would subject him to possible revocation of his certificate. The agreed consent order was based on a violation of *Section 21(c)(11) of the Act and Section 501.41 (Discreditable Acts) of the Rules*. The respondent committed malpractice in his professional services to the complainant and violated the *Deceptive Trade Practices Act* which resulted in a judgment against him.

Respondent: Theodore A. Gonzalez (San Antonio)
Certificate No.: 013439

Complaint No.: 94-08-27L
Date of Board Ratification: 2/24/95
Disposition: The respondent agreed to a reprimand and to a limitation on his practice based upon 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), 501.24 (Other Professional Standards), and 501.41 (Discreditable Acts) of the Rules*. The respondent is prohibited from obtaining any new clients in the area of financial reporting and accounting until he has completed eighty additional hours of CPE in financial reporting and accounting from a live instructor. He must obtain a pre-issuance review of any audits or reviews for any of his current clients. The respondent failed to meet industry standards in his review of financial statements of a corporation.

Respondent: Eldred E. Gray (Big Spring)
Certificate No.: 008127
Complaint No.: 94-05-14L
Date of Board Ratification: 2/24/95
Disposition: The respondent agreed to a reprimand and to complete forty hours of CPE regarding *Tax Form 1040* within ninety days of the signed Board order. Additionally, the respondent is required to return all fees charged to amend the complainant's tax returns within thirty days of the signed Board order. This disciplinary action is based on violations of *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.21 (Competence) and 501.41 (Discreditable Acts) of the Rules*. The respondent gave the complainant incorrect advice regarding her prior tax returns and then charged her to amend the returns. The respondent then threatened to turn the complainant in to the IRS when she advised him of his mistake.

Respondent: Tony R. Grubaugh (Burlington)
Certificate No.: 010558
Complaint No.: 94-03-35L
Date of Board Ratification: 2/24/95
Disposition: The respondent agreed to the revocation of his certificate based upon violations of *Sections 8, 10, 21(c)(4), 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), 501.40 (Licensing/Registration Requirements), and 501.41 (Discreditable Acts) of the Rules*. The respondent failed to meet GAAS and Government Auditing Standards in his audited financial statements of a HUD-regulated apartment complex. Further, he performed public accounting while his license was cancelled for non-payment of license fees and without a registered practice unit.

Respondent: David Michael Hagen (Dallas)
Certificate No.: 022119
Complaint No.: 94-02-06L
Date of Board Ratification: 4/19/95
Disposition: The respondent's certificate was revoked and he was assessed \$590 in direct

administrative costs. The respondent: (1) failed to reinstate his license following a two-year suspension pursuant to a Board order; (2) practiced public accountancy without a license and through an unregistered entity; (3) failed to complete an engagement; and (4) failed to respond to written communications from the Board. The respondent violated *Sections 8, 10, and 21(c)(4) of the Act and Sections 501.4 (Practice of Public Accountancy), 501.40 (Licensing/Registration Requirements), 501.41 (Discreditable Acts), and 501.48 (Responses) of the Rules*.

Respondent: Robert E. Hamilton (Corpus Christi)
Certificate No.: 010696
Complaint No.: 94-03-09L
Date of Board Ratification: 2/24/95
Disposition: The respondent agreed to a reprimand and to complete 24 additional hours of CPE in auditing for 1995 based upon violations of *Sections 21(c)(4) 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 failed to meet industry standards in his audited financial statements of a corporation.

Respondent: Edwin R. Harris Jr. (Houston)
Certificate No.: 008616
Complaint No.: 94-09-01L
Date of Board Ratification: 6/29/95
Disposition: The respondent agreed to a reprimand and a six-month suspension of his certificate, probated, based upon violations of *Sections 8, 10, 21(c)(4), and 21(c)(11) of the Act*. The respondent failed to report the requisite continuing professional education credits and practiced public accountancy without a license and through an entity that was not registered with the Board.

Respondent: Ronald Dean Harris (Houston)
Certificate No.: 029998
Complaint No.: 94-04-30L
Date of Board Ratification: 4/19/95
Disposition: The respondent's certificate was suspended pursuant to *Section 21(d) of the Act* and he was assessed \$915 in direct administrative costs. The respondent was convicted of the second degree felony offense of theft over \$20,000 and was sentenced to twelve years in prison. The conviction is currently on appeal. The respondent also failed to respond to written communications from the Board. The respondent violated *Sections 21(c)(4) and 21(c)(11) of the Act and Sections 501.41 (Discreditable Acts) and 501.48 (Responses) of the Rules*.

Respondent: Robert H. Hartman (Lubbock)
Certificate No.: 005743
Complaint No.: 94-09-03L
Date of Board Ratification: 6/29/95
Disposition: The respondent was assessed

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Enforcement Actions

Continued from page 3

\$1,057.20 in direct administrative costs and his certificate was revoked based on violations of Sections 8, 10, 21(c)(4), 21(c)(10), and 21(c)(11) of the Act and Sections 501.25 (Mandatory Continuing Education), 523.62 (Mandatory CPE Reporting), and 523.63 (Mandatory CPE Attendance). After appealing the probated suspension of his license in 1991, the respondent failed to pay the required license fees and to report the necessary continuing professional education hours as required under the Act and the Rules for 1992, 1993, and 1994. Further, the respondent continued to practice public accountancy without a license and through an unregistered practice unit during this period.

Respondent: James V. Hildebrand (De Soto)
Certificate No.: 028894

Complaint No.: 93-12-14L

Date of Board Ratification: 2/24/95

Disposition: The respondent resigned and surrendered his certificate in lieu of further disciplinary action involving Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Section 501.41 (Discreditable Acts) of the Rules. The respondent pled guilty to one indictment of felony theft and received a sentence of ten years' confinement, which was probated for that same period. He was also ordered to make restitution of nearly \$30,000 during that period and to pay a small fine.

Respondent: James K. Huff Jr. (Austin)

Certificate No.: 035637

Complaint No.: 94-09-61L

Date of Board Ratification: 6/29/95

Disposition: The respondent agreed to a reprimand based upon violations of Sections 21(c)(2) and 21(c)(4) of the Act and Section 501.41 (Discreditable Acts) of the Rules. The respondent failed to file his personal income tax return in a timely manner and failed to file his personal income tax returns for 1987, 1988, and 1990.

Respondent: Earl M. Huitt Jr. (Bay City)

Certificate No.: 006681

Complaint No.: 94-07-17L

Date of Board Ratification: 6/29/95

Disposition: The respondent's certificate was revoked and he was assessed \$835 in direct administrative costs. He violated Sections 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 was suspended indefinitely from practicing before the Internal Revenue Service effective February 10, 1993. The respondent also failed to respond to Board correspondence.

Respondent: Thomas Nielsen Jones (Georgetown)

Certificate No.: 044680

Complaint No.: 94-09-43L

Date of Board Ratification: 2/24/95

Disposition: The respondent's certificate was revoked and he was assessed \$835 in administrative costs based on violations of Sections 21(c)(4) and 21(c)(11) of the Act and Sections 501.25 (Mandatory Continuing Education), 501.41 (Discreditable Acts), 501.48 (Responses), 523.62 (Mandatory CPE Reporting), and 523.63 (Mandatory CPE Attendance) of the Rules. The respondent had not complied with the mandatory CPE reporting/completion requirements after his license had been suspended for five years.

Respondent: Jayme S. Kahla (Pflugerville)

Certificate No.: 034031

Complaint Nos.: 94-07-10L and 94-10-1072L

Date of Board Ratification: 2/24/95

Disposition: The respondent resigned and surrendered her certificate in lieu of further disciplinary action involving Sections 21(c)(2), 21(c)(4), 21(c)(5), 21(c)(6), 21(c)(7), and 21(c)(11) of the Act and Section 501.41 (Discreditable Acts) of the Rules. The respondent was convicted of embezzling and ordered to make restitution in the amount of \$96,436.25. Additionally, the Florida Department of Business and Professional Regulation revoked her CPA certificate.

Respondent: Van T. Lane (Dallas)

Certificate No.: 019030

Complaint No.: 94-01-09L

Date of Board Ratification: 2/24/95

Disposition: The respondent's certificate was revoked and he was assessed \$870 in administrative costs. The respondent violated Sections 8, 21(c)(4), and 21(c)(11) of the Act and Sections 501.32 (Records) and 501.48 (Responses) of the Rules. The respondent failed to return client records, failed to respond to Board correspondence, and practiced public accountancy without a license.

Respondent: John M. Marrou (Houston)

Certificate No.: 006772

Complaint No.: 93-10-02L

Date of Board Ratification: 6/29/95

Disposition: The respondent agreed to the revocation of his certificate based on violations of Section 21(c)(4) of the Act and Section 501.21 (Competence) of the Rules. The respondent undertook an engagement for the performance of professional services which he could not have reasonably expected to have completed with due professional competence. The respondent also failed to properly render an accounting of funds for his client.

Respondent: Angelina A. Martinez (El Paso)

Certificate No.: 056122

Complaint No.: 92-11-10L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to a one-year suspension of her certificate based on violations of Sections 21(c)(2), 21(c)(4), 21(c)(5), 21(c)(10), and 21(c)(11) of the Act and Sections 501.41 (Discreditable Acts) and

523.62 (Mandatory CPE Reporting) of the Rules. The respondent was convicted of filing false income tax returns and received a sentence of five years' probation. The respondent also failed to pay her license fees for 1992, 1993, and 1994 and failed to report 120 hours of CPE.

Respondent: Richard A. Massey (Dallas)

Certificate No.: 012156

Complaint No.: 94-05-20L

Date of Board Ratification: 4/19/95

Disposition: The respondent's certificate was revoked and he was assessed \$1,550 in direct administrative costs. The respondent: (1) failed to complete an engagement for a limited partnership in which he was also the general partner; (2) failed to account for funds invested with the respondent as the general partner; and (3) failed to respond to written communications from the Board. The respondent violated Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.41 (Discreditable Acts) and 501.48 (Responses) of the Rules.

Respondent: Joe Mastroiano (Houston)

Certificate No.: 026553

Complaint No.: 94-02-34L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to a reprimand and to repay \$1,500 to the complainant on or before the thirtieth day after the Board ratifies the agreed consent order and to submit proof of such payment to the Board. This disciplinary action is based upon violations of Section 21(c)(4) of the Act and Section 501.21 (Competence) of the Rules. The respondent incompetently performed an engagement before the IRS regarding liens filed by the IRS.

Respondent: James P. McCauley (Houston)

Certificate No.: 009049

Complaint No.: 94-03-02L

Date of Board Ratification: 4/19/95

Disposition: The respondent's certificate was revoked and he was assessed \$1,296 in direct administrative costs. The respondent failed to return client records, failed to prepare federal income tax returns for a client over a four-year period, and failed to represent a client in a workers' compensation insurance premium audit. The respondent violated Sections 21(c)(2) and 21(c)(4) of the Act and Sections 501.21 (Competence), 501.32 (Records), and 501.48 (Responses) of the Rules.

Respondent: Leonard Mednick (Austin)

Certificate No.: 059207

Complaint No.: 92-12-41L

Date of Board Ratification: 2/24/95

Disposition: The respondent was issued a reprimand. The respondent's advertising was misleading in violation of Section 21(c)(4) of the Act and Section 501.43(b)(3) of the Rules. He allegedly practiced public accountancy through an unregistered entity, used deceptive words indicating the character or grade

of services he offered in advertising his professional services, and used advertising which was misleading.

Respondent: John A. Ramirez (Midland)

Certificate No.: 011267

Complaint No.: 94-07-50L

Date of Board Ratification: 2/24/95

Disposition: In a hearing before an administrative law judge, the judge found that the respondent had violated *Sections 21(c)(4) and 21(c)(11) of the Act and Section 501.41 (Discreditable Acts) of the Rules*. The respondent's certificate was revoked and he was assessed \$915 in administrative costs. The respondent failed to comply with the terms of an agreed consent order entered into during an earlier disciplinary proceeding.

The respondent failed to become current in his CPE requirements and to report it to the Board by June 30, 1994; failed to pay all fees and penalties due to the Board by June 30, 1994; failed to pay \$1,100 in administrative fees to the Board by June 30, 1994; and failed to provide the Board with adequate evidence that he had contracted for a quality review as required by the agreed consent order.

Respondent: Gary D. Ritter (Dallas)

Certificate No.: 016684

Complaint No.: 94-07-18L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to a reprimand and to a revocation of his certificate, probated for six months. In addition, the respondent agreed to complete one additional hour of CPE in ethics courses acceptable to the executive director no later than six months after the date of the Board order. The disciplinary action is based upon violations of *Sections 21(c)(2) and 21(c)(4) of the Act and Section 501.41 (Discreditable Acts) of the Rules*. The respondent was suspended from practice before the IRS for four years and was convicted and sentenced to three years' probation for introducing an IRS agent to someone who agreed to backdate a document.

Respondent: W. Arthur Roark (Pueblo, CO)

Certificate No.: 013098

Complaint No.: 94-01-06L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to the revocation of his certificate based upon violations of *Sections 8, 10, 21(c)(4), and 21(c)(11) of the Act and Sections 501.4 (Practice of Public Accountancy), 501.21 (Competence), 501.40 (Licensing/Registration Requirements), 501.41 (Discreditable Acts), and 501.48 (Responses) of the Rules*. The respondent failed to timely complete an engagement, practiced public accountancy after his license had been cancelled for non-payment of license fees, and failed to respond to Board communications.

Respondent: Max Charles Romero (Dallas)

Certificate No.: 008306

Complaint No.: 94-10-46L

Date of Board Ratification: 6/29/95

Disposition: The respondent agreed to the issuance of a reprimand and a limitation on his practice prohibiting him from conducting audits, compilations, and reviews for violating *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), 501.24 (Other Professional Standards), and 501.41 (Discreditable Acts) of the Rules*. The respondent failed to meet industry standards in his review of financial statements prepared for a corporation.

Respondent: Jan C. Rothrock (Houston)

Certificate No.: 020088

Complaint No.: 93-06-15L

Date of Board Ratification: 6/29/95

Disposition: The respondent agreed to a reprimand based upon violations of *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.21 (Competence), 501.32 (Records), and 501.48 (Responses) of the Rules*. The respondent failed to prepare a 1991 financial report and refused to return client records. Additionally, the respondent failed to timely respond to Board correspondence.

Respondent: Richard C. Smith (Lewisville)

Certificate No.: 009949

Complaint No.: 93-11-16L

Date of Board Ratification: 4/19/95

Disposition: The respondent agreed to a revocation of his certificate, probated for five years. Under the terms of his probation, the respondent is required to make monthly payments to the complainant based on a written agreement between the respondent and the complainant. Failure to make the payments will result in further disciplinary action against the respondent. The respondent failed to timely and competently perform his duties as a CPA and executor for an estate. The respondent further failed to render an accounting of all funds from his client in his possession. The respondent was also unable to produce any client authorization for gifts and loans to himself. The respondent violated *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.21 (Competence) and 501.41 (Discreditable Acts) of the Rules*.

Respondent: William L. Sturhan (Houston)

Certificate No.: 018300

Complaint No.: 94-05-21L

Date of Board Ratification: 2/24/95

Disposition: The respondent agreed to a reprimand and to a revocation of his certificate, probated for six months. The respondent must also return \$700 of his fees to the complainant. This disciplinary action is based upon violations of *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act and Sections 501.32 (Records), 501.40 (Licensing/Registration Requirements), and 501.41 (Discreditable Acts) of the Rules*. The respondent threat-

ened to destroy the complainant's tax files if the complainant did not give the respondent money for unsubstantiated services the respondent claimed to have performed. Additionally, the respondent practiced public accountancy without a registered practice unit.

Respondent: Jerry L. Tinkler (San Angelo)

Certificate No.: 014015

Complaint No.: 94-05-01L

Date of Board Ratification: 6/29/95

Disposition: Without admitting or denying the allegations against him, the respondent agreed to a reprimand and to pay direct administrative costs of \$967.70 for 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 allegedly failed to meet governmental standards in an audited financial statement for a water authority.

Respondent: Reba Tolbert (Houston)

Certificate No.: 010847

Complaint No.: 94-09-47L

Date of Board Ratification: 2/24/95

Disposition: The respondent's certificate was revoked and she was assessed \$835 in administrative costs based upon violations of *Sections 21(c)(4) and 21(c)(11) of the Act and Sections 501.25 (Mandatory Continuing Education), 501.41 (Discreditable Acts), 501.48 (Responses), 523.62 (Mandatory CPE Reporting), and 523.63 (Mandatory CPE Attendance) of the Rules*. The respondent had not complied with the mandatory CPE reporting/completion requirements after her license had been suspended for five years.

Respondent: Steven A. Tuggle (Houston)

Certificate No.: 028097

Complaint No.: 94-06-01L

Date of Board Ratification: 4/19/95

Disposition: The respondent was reprimanded based upon a violation of *Section 21 of the Act and Sections 501.41 (Discreditable Acts) and 501.43 (Advertising) of the Rules*. The respondent sent a letter containing misleading statements to clients of his former employer.

Respondent: Pedro S. Vargas (San Antonio)

Certificate No.: 036107

Complaint No.: 91-01-07L

Date of Board Ratification: 4/19/95

Disposition: The respondent's license was suspended during the pendency of the appeal of his felony conviction in accordance with *Section 21(d) of the Act*; further, when the conviction becomes final, the Board will take action under *Section 21(d)* and impose direct administrative costs in the amount of \$1,600 for violations of *Sections 21(c)(2), 21(c)(4), and 21(c)(11) of the Act*. The respondent's conviction has become final.

Respondent: Earl Moses Walker, aka Dick Walker (Nederland/Port Neches)

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Enforcement Actions

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Complaint No.: 93-03-26L

Certificate No.: 019313

Date of Board Ratification: 2/24/95

Disposition: The respondent was issued a reprimand, a limitation was placed on his practice prohibiting him from performing governmental audits, and \$2,100 in administrative costs were assessed against him. The respondent violated *Sections 21(c)(4) and 21(c)(11) of the Act and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.24 (Other Professional Standards), 501.40 (Licensing/Registration Requirements), and 501.48 (Responses) of the Rules.* The respondent prepared audited financial statements for a water district which failed to meet GASB standards, the *Statements of Auditing Standards*, and the requirements of the Texas Natural Resource Conservation Commission as promulgated in its *Annual Audit Report Requests*. At the time the respondent prepared the audited financial statements, his license had been cancelled for non-payment of license fees and he had not reported sufficient CPE hours. The respondent also failed to respond in a timely manner to communications from the Board.

Respondent: Michael R. Weinrobe (Dallas)

Certificate No.: 010849

Complaint No.: 94-07-13L

Date of Board Ratification: 6/29/95

Disposition: The respondent agreed to a reprimand and a one-year suspension of his certificate, probated, based upon violations of *Section 21(c)(2) of the Act and Section 501.21 (Competence) of the Rules.* The respondent failed to prepare income tax returns for a client for 1987, 1988, 1989, 1990, and 1991.

Administrative Actions

Complaint Nos.: 94-06-101 through 94-06-01305 (CPE complaints)

Date of Board Ratification: 4/19/95

Disposition: The certificate of each of the above-named individuals was suspended for five years or until such time as the individual comes into compliance with the CPE requirement. Failure of a respondent to come into compliance with the CPE requirements will result in the revocation of the respondent's certificate. The respondents' actions violated *Section 15A of the Act and Sections 501.2 (Mandatory Continuing Education) and 523.63 (Mandatory CPE Attendance) of the Rules.*

Respondents: CALIFORNIA: Bentley, Ruth A.; Deruyter, Nicholas; Field, Devin R.; Jackson, Margaret J.; Manders, Michael A.; Srimushnam, Vittal G.; CONNECTICUT: Chandler, James C.; FLORIDA: Kessler, Kelly L.; GEORGIA: Garcia, David M.; INDIANA: Billig,

Jeffrey H.; KENTUCKY: Hull, John T. Jr.; LOUISIANA: Murphy, Donald L. Jr.; Norwood, Lanny D.; MASSACHUSETTS: Meyer, Corinne J.; MISSISSIPPI: Patterson, David W.; Vance, Mickey W.; NEW JERSEY: Parag, Kenneth R.; Patterson, Evelyn R.; NEW YORK: Civiok, Edward J. Jr.; McNIERNEY, Carol G.; SOUTH DAKOTA: Kogel, John S.; TENNESSEE: Koch, Fred J. Jr.; Shaver, Robert A.; TEXAS: (Amarillo) Sorrell, Phillip E.; (Arlington) Billingsley, John R. Jr.; Bonfield, Kim E.; Dharmagunaratne Tissa C.; Reed, Robert A.; Richardson, Monty Eugene; Sandeford, Janice P.; (Austin) Daugherty, Ralph H.; Draker, Robert S.; Johnson, Philip R.; Kaiser, Richard J.; Oatman, Stephen W.; (Bellairs) Williams, Charles A.; (Canyon) Scariati, Peter R. Jr.; (Carrollton) Green, Laura A.; Price, Christopher L.; Volpe, John A.; (Conroe) Black, Welton J.; (Corpus Christi) Willis, Donald R.; (Dallas) Bentley, John C.; Bertcher, Gene S.; Brett, Dennis R.; Byman, Thomas A.; Byrd, Timothy M.; Chang, Jean Chin-Ho Tsao; Claycomb, Robert A.; Coker, Steven K.; Gerigk, Marc R.; Harris, Dorothy L.; Hawley, Walter T.; Hendrix, William J.; Kaufman, Irwin C.; Killam, Jill M.; Midkiff, Thomas E.; Murff, Ronald D.; Ott, Alice M.; Parsons, James G.; Pitts, Uel E. II; Reister, William J.; St. John, Billy D.; Tunnell, Kirk A.; Verner, Mary L.; Wages, Ronald E.; (El Paso) Franco, Sergio; Rutledge, Julie S.; (Euless) Elder, Jennifer B.; (Farmers Branch) Fabac, Charles A.; Geller, Brenda A.; Hughes, James W. Jr.; (Foothill Ranch) Fimble, Charles W.; (Fort Worth) Cutter, Gary L.; Herndon, Robert G.; Sewell, Lyn B.; (Galveston) McCurry, Robert C.; (Garland) Barber, Cynthia A.; Messersmith, Leo D.; (Gun Barrel City) Sehnert, Fred M.; (Houston) Adams, Nicholas J.; Aldape, Gabriel; Benninger, Edward C. Jr.; Cardono, Ian M.; Danaher, Paul F.; Easton, Robert C.; Gorton, Kirby R.; Griggs, Gerry M.; Harrison, Preston L.; Ho, Richard M.; Hurt, Donald R.; Johnston, Joe S.; King, Terence A.; Lakadosch, Berthold G.; Malone, George R.; Mar, Rose K.; Martin, Gregory E.; McQuilling, Thomas H.; McSpadden, Don G.; Miller, Randal W.; Mohr, Douglas D.; Munoz, Jeffrey S.; Paladio, Gregorio M.; Rowland, David J.; Schielack, Mark A.; Shapiro, Robert; Sherrouse, Karen S.; Sneed, John W.; Wilder, William C.; Wood, D. Dale; Workin, Lori J.; Yount, Richard C. Jr.; (Katy) Sassin, Joseph E.; (Kilgore) Phillips, Tommy D.; (Kingwood) MacFarlane, John C.; (La Porte) Visser, Richard W.; (Leander) Turner, Sarah F.; (Levelland) Waters, Lynn E.; (Lubbock) Singletary, L.B.; (Lucas) LaFrano, Charles F. III; (Nocona) Odom, Gary D.; (North Richland Hills) Drake, Jon A.; (Plano) Bray, Susan E.; Corcoran, John G.; Cox, Cary L.; Smith, Steven G.; (Port Aransas) Wymore, Allan J.; (Richardson) Cothrun, Randy P.; Pardue, George P.; (Round Rock) Hall, Mary A.; (San Antonio) Carter, Robert S.; Miner, Nelson A. III; Richardson, William K. Jr.; Zimmerman, Brian D. (Slaton) Buxkemper, Kevin E.; (Spring) Allen, John E.; Hix, Thomas R.; Hoefs, John G.; Speer, John H. II; (Sugar Land) Heather, Susan B.; (Tomball) Pessarra,

John L.; (Valley View) Mordecai, M. Wayne; UTAH: Gaspar, Michael S.; VIRGINIA: Crippen, Jimi Lee L.

Complaint Nos.: 94-01-101L through 94-01-191L (Five-year CPE delinquents)

Date of Board Ratification: 2/24/95

Disposition: The respondents' certificates were revoked based on violations of *Sections 21(c)(4) and 21(c)(11) of the Act and Sections 501.25 (Mandatory Continuing Education), 501.41 (Discreditable Acts), 523.62 (Mandatory CPE Reporting), and 523.63 (Mandatory CPE Attendance) of the Rules.* The respondents had not complied with the mandatory CPE reporting and completion requirements after their licenses were suspended for five years. Their conduct indicated a lack of fitness to serve the public as professional accountants.

Respondents: DELAWARE: Wuebbels, Dennis G.; MINNESOTA: Morgan, Frederick K.; NEW JERSEY: Lawson, Charles A.; NEW MEXICO: Reynolds, Luther W. Jr.; NEW YORK: Hansen, Barbara D.; NEW YORK: Kunda, Purnanandam N.; NEW YORK: Nad, Leon M.; TEXAS: (Amarillo) Lyon, James R.; (Austin) Bradley, John W. Jr.; Hindman, Meredith D.; Smith, Glenda J.; Vanderford, Robert V.; (Beaumont) Brashear, Walter E.; (Bellairs) James, Luther L. Jr.; (Carrollton) Gamble, Freddy L.; (Corpus Christi) Prather, Otto A.; (Dallas) De Cordova, Chester E.; Fisher, Sharion L.; Greene, Milton J.; Haynes, Larry D.; Stone, Judith A.M.; Taylor, William Hubert; Thoele, William H.; Tofas, Christina N.; (Denton) Gould, Wayne A.; (Duncanville) McKean, William B.; (Farmers Branch) Allen, Bobby H.; (Fort Stockton) Burnham, William J.; (Fort Worth) Neuman, Ernest C.; (Garland) Fudge, Billy W.; Hatten, Earl T.; Yost, Francis A.; (Harlingen) Smith, Seward G.; (Houston) Bakke, Oliver M.; Freeman, Joe H.; Grob, Charles E.; Lee, Oliver W. Sr.; McCrary, John W.; Neal, Roger L.; (Irving) Harrison, Larry D.; (Lampassas) Garrett, David K.; (Laredo) Higgins, Douglas B.; Santos, Emilio D.; (Lufkin) Gibson, Thomas M.; (Midlothian) Allison, Lawrence L.; (Nacogdoches) Tucker, Matt B.; (Rowlett) Javier, Eduardo Y.; (San Antonio) Billo, Alvin W.; Cunningham, Harold D.; Leonard, John L.; (Spring) Bonetati, Billy M.; Potts, Larry K.; (Spur) Streit, Virginia C.M.; (Terrell) Kemp, Karl M.; (Texas City) Moreland, William E.; (Wichita Falls) Geisert, Claude A.

Complaint Nos.: 94-10-0101L through 94-10-1651L (Three-year delinquents)

Date of Board Ratification: 6/29/95

Disposition: The respondents' certificates were revoked without prejudice until such time as any respondent pays the required license fees and penalties and otherwise complies with the Act. The respondents violated *Section 21(c)(10) of the Act.*

Respondents (Individuals): ALABAMA: Carey, Holly R.W.; Ehrhardt, David D.; Ellison, Richard W.; Hygh, Michael F.; Pierce, Chesley J. Jr.; Reibling, Michael C.; Tortorico, Rosemary; ALASKA: Dees, Lennie J.; Tragis, John

C.; **ARIZONA**: Barnette, Phillip P.; Black, Dim J.; Dixon, Norwin L.; Fritzemeyer, Joe R.; Gerck, Jerry D.; Helm, Martha A.; Hester, Howard M.; Hinds, John S.; Hinton, William B.; Horton, Willis V.; Littlestar, Gary D.; McCarty, Sharon K.; McClanahan, Stephen A.; Pope, Charles R.; Ramsey, Steven L.; Redifer, Dennis R.; Reilly, Donald M.; Rosario, Ignacio R.; Van Cleave, Thomas M.; **ARKANSAS**: Birdwell, David L.; Bulmanski, Sandra K.; Campbell, Howard G.; Grayson, Keith L.; Hunsicker, Robert A.; Kolb, Joseph E.; McDill, Guy; McPherson, Paul E.; Parish, Wendell D.; Schwartz, Richard L.; Sparks, David J.; Taylor, Donald H.; **CALIFORNIA**: Adams, Neil M.; Adams, Stephen P.; Alden, Carolyn M.C.; Altamirano, Victor H.; Anderson, Marshall P. Jr.; Best, Loa D.; Brouthers, Keith D.; Bunting, Susan E.; Calano, Dennis F.; Chambliss, Geraldine; Chan, Alfred K.L.; Chen, Yawen; Chesler, Steven D.; Deardorff, Eric D.; Dutro, Georgia D.; Ferbend, Richard A.; Ferguson, Mark A.; Fleisher, Earl G.; Forester, Timothy D.; Gallagher, Raymond L.; Ghaffari, Tony M.; Gonzalez, Mireya; Griffith, Catherine A.W.; Grove, Cindy A.; Haskins, Dwight J.; Hayes, Paula M.; Hourihan, Bernard J. Jr.; Huff, David A.; Jeu, Diana Y.; Joe, Susan; Kavulic, Jerry M.; Kim, Kyung S.; Kisel, Michael A.; Krol, Conrad W.; Lee, Chang W.; Lee, Kyungho; Leonis, Theodore J.; Lesko, Philip S.; Marsh, Nancy K.Y.S.; Marsh, Steven B.; Mausser, Edward J. Jr.; McCrummen, Marshall H.; Miranda, Wilfredo S.; Mitchell, Tommy L.; Morgan, Keri B.H.; Muir, Richard R.; Nakagawa, Derek K.; Nowotny, Regina; O'Brien, Edward D.; O'Donnell, Kathleen S.; Pitcel, Sandra L.; Price, Janet W.; Prince, Eva J.; Rodney, Richard A.; Rogers, Mark C.; Rosenbach, Charles J.; Rotenberg, David H.; Sangeladji, Mohammad A.; Sewall, Robert L. Jr.; Sharp, Kathryn E.; Sibley, Karen; Skaggs, Ronald C.; Soong, Hwei-Pin; Spelman, Jodell J.; Strauch, Kevin M.; Suh, Yoon-Suck; Surber, Susan P.; Therrien, Ronald P.; Tilton, Janis L.; Treeby, Ross S.; Treece, Ann B.; Vlasak, Rose M.; Wan, Sing; Ward, Timothy W.; Wilcoxon, Janet L.; Williams, Mark J.; Wineland, William L.; Young, Nicholas L.; **COLORADO**: Anderson, Anne E.; Clark, John W.; Dishman, Donald G.; Dixon, Paul A. Jr.; Helseley, Connie J.; Helseley, Robert J.; Hill, Alfred H. Jr.; Koonce, Robert D.; Miller, Paul F.; O'Neill, Francis X.; O'Toole, Christopher R.; Parsons, Robert L.; Parsons, Terri H.; Richards, Karen E.; Roark, Wood A. Jr.; Sadler, Sarah W.; Schmidt, Lester L. Jr.; Skomal, Mark E.; Sparkman, Raymond G.; Swanson, Donald D.; Thomas, Lyle D.; Weiss, Louis R.; **CONNECTICUT**: Dispenza, Vincent J. Jr.; Elson, John P.; Quigg, Chris D.; Sonfield, Sheree; **DISTRICT OF COLUMBIA**: Coleman, Dale L.; Graves, Rodney L.; Wrappe, Steven C.; Kinsey, Robert E.; **FLORIDA**: Adelson, Robert E.; Booker, Brian N.; Burns, Helen D.; Clark, James R.; Crick, Gene E. Jr.; Crowe, John M. III; De Dios, Diana M.; Deblasio, Tony F.; Dejarden, Gabriel A.; Fitzgerald, Walter L.; Frank, Dennis P.; Ggroze, Mary E.Y.; Green, Mattie E.; Greenberg, Steven J.; Haney, Harrell

M.; Hill, Robert C. II; Manktelow, Mary L.R.; McChristian, Jim B.; Meadows, Richard W.; Mecklenburg, William G.; Menendez, Cristina; Moshonas, Helene M.; Murray, Renae A.; Pollard, Mary C.; Soler, Eddie; Stafford, James N. Jr.; Stanton, Robert P.; Steele, Robert L.; Talton, Pamela K.; Washecka, Edward A.; Weinstein, Barry I.; Williams, Max E.; **GEORGIA**: Anderson, Thomas L.; Barnett, David E. III; Billingsley, Cecilia E.S.; Brunson, Wayne M.; Edson, Mark A.; Henderson, Timothy J.; Hutchinson, Debra A.; Johnson, Richard C. Jr.; Jones, Gilbert G.; Martin, David R.; Okpala, Ifeyinwa N.; Paul, John C.; Perrie, David S.; Phillips, Ronald D.; Unger, Jane L.; Wallace, Susan D.; Walrath, Julia M.; Watson, Wencil A.; **HAWAII**: Hansen, Elaine K.; Rosier, Cynthia L.; **IDAHO**: Roodhouse, Charles W. Jr.; **ILLINOIS**: Boright, Mark A.; Cole, Karen L.; Connell, James B.; Despain, David L.; Ehrens, Martin J.; Fehlig, Roy F.; Garner, Larry J.; Heremans, Jean C.; Lenamon, Davy J.; Mason, Regan A.; McWhorter, Anthony M.; Mihailidis, Mariann; Minetos, Jerry T.; Morrison, Mark E.; Myers, Linda J.L.; Oree, Andy G.; Rainer, Glenn E.; Ramey, Roger M.; Shank, Arthur E. Jr.; Sivak, William S. Jr.; Skavlan, Jon P.; Skoda, Randall J.; Stanley, Laura P.; Thoenen, Gail B.; Vhora, Usmangani I.; Wermeling, John E.; **INDIANA**: Andrews, Keith A.; Barna, Robert M.; Hougland, Etson; Lee, David T.; Pohlmann, Wendy M.; Powell, Steven G.; Roy, Ronald T.; Schafir, Harlan M.; Thornton, Christopher R.; Tomlinson, Beth A.; **IOWA**: Hawbaker, Thomas A.; Ramsey, Mathew L.; Siegel, Jonathan D.; **KANSAS**: Andrews, Ralph G.; Burrows, Jean E.; Megee, Theresa K.; Thompson, Tommie D.; White, Julian M.; **KENTUCKY**: Beard, Louis W.; Christensen, Curtis M.; Desmarais, Gary N.; Gray, James M.; Noble, Chris D.; Perkins, Leslie A.; **LOUISIANA**: Armstrong, Robert D.; Beeson, George H.; Bernier, Edward P. Jr.; Brown, Dwight M.; Brown, Joey H.; Brubaker, Leigh A.H.; Eumont, Jeffrey R.; Friedman, Steven M.; Fry, Pamela R.; Hart, Jack W.; Maraist, Regina B.; O'Brien, Vera T.; Sandifer, Dale B.; Simonton, Dewey L.; Spranley, Maurice S. Jr.; Thomas, Darryl D.; Trahan, Jeffery W.; Varvaro, Stephen A.; Wimp, Thomas E.; Wooldridge, John D.; **MARYLAND**: Carfine, James V.; Clum, Brent W.; Johnson, Keith E.; Patton, Maxie T.; **MASSACHUSETTS**: Baumhauer, William H.; Berenson, Jeffrey M.; Hislop, John Thompson II; Mayer, Sandra A.; Nickles, Edward C. III; Pantano, Kathleen H.; Regas, Frances C.; Reichert, Carolyn J.; Rottersmann, Ellen J.L.; Wang, Vivian C.; Zimmerman, Gary S.; **MICHIGAN**: Avery, Dwight D.; Brady, Cornita E.; Campbell, Linda J.W.; Cisowski, Martin C.; Dyer, Leroy W.; Garcia, Carlos J.; Hearrell, James L.; Heyland, James R.; Jolly, Karen G.; Miller, Linda K.M.; Reed, Mark W.; Ryan, Timothy C.; Shamie, George R. Jr.; Vogel, Richard J.; Walling, Susan M.; **MINNESOTA**: McCatharn, Paul M. Jr.; McClellan, John D.; Ortiz, Raymond A.; **MISSISSIPPI**: Barnes, Michael; Batchelor, James W.; Byrne, Stephen P.; Carter, Ritchie E.; Gustafsson, Melissa R.; Healey, Edwin P.;

Moore, Richard C.; Phillips, Hubert G.; Reed, Katherine D.S.; **MISSOURI**: Boerner, Richard J. Jr.; Brennan, Clyde F.; Byrd, Lynn W.; Clark, Desda K.S.; Clark, Joel H.; Cockrell, Robert R.; Diaz, Carlos R.; Dodds, Amy L.; Goodwin, Ronald L.; Harry, John M.; Krause, Frederick E.; Leiser, Melora F.; Pearson, Scott H.; Silence, Marshall K.; Slaughter, Julie L.; Sweetman, Charles P.; Thomas, Johnny E.; Timmons, Robert W.; Willis, Jerry W.; **MONTANA**: Davis, Angela; Harbor, Julia A.; Lhommedieu, Louis P. Jr.; Utterback, James N.; **NEBRASKA**: Finn, Thomas J.; Haye, Julius G.; Senecal, Beaman T. III; Williams, Idalene R.; **NEVADA**: Bryant, William C.; Fair, John H.; Johns, Johnny F.; Johnson, Charles D.; Reynolds, Connie C.; Reynolds, Steven R.; **NEW JERSEY**: Coll, Mary J.; Fenech, Debra T.; Kang, Jaijoon; Kim, Jin-Won; Nemeroff, Andrew B.; Purkayastha, Arijit; Schroeder, Peter E.; Vanschaften, Gary F.; **NEW MEXICO**: Axness, Harold K.; Bowers, Billy B.; Browning, Barbara A.; Davidson, Westal E.; Kochmit, Shirley A.B.; Krivokapich, Dennie B.; Lallement, Jack C.; Lish, Gilbert R.; Marsh, James S.; McNelis, Leslie K.; Moon, John E.; Munson, John E.; Schams, Kristi L.C.; Silbert, Michael; Tucker, Wayne I.; **NEW YORK**: Carhuff, Gerald R.; Coker, James R.; Duffy, Patrick H.; Gary, Jeanne T.; Glatthorn, Darryl J.; Graves, Gregory R.; Henry, Patricia C.; Hsu, Lishia W.; Jew, Bobby; Lubin, Mark M.; Newell, Casey J.; Saeed, Yawar; **NORTH CAROLINA**: Blocher, Edward J.; Bolton, Rhoda C.B.; Donahue, Kenneth L.; Field, Michael A.; Hardcastle, Anne C.; Koder, Randal W.; Perkinson, Ross A.; Smith, Currie L.; Stiles, Timothy J.; Trumble, James E. Jr.; **OHIO**: Cegelski, Thomas A.; Czarnecki, Gregory J.; Geneser, Karen L.; Raghavan, Kamala R.; Smith, Gregory P.; Young, Denise R.B.; **OKLAHOMA**: Bode, John L.; Brazile, Sheryl G.D.; Bunt, John R.; Calhoun, Diana M.; Gordon, George D. Jr.; Hutto, Richard A.; Knuckles, Wede E.; Morris, Daniel H.; Murphy, Margaret E.; Parker, James B.; Reedy, Judith A.; Williams, Waymon D.; **OREGON**: Herrick, Henry L. III; Hesse, John W.; Hicks, Donald S.; Saper, Ronald L.; **PENNSYLVANIA**: Brunton, Mary A.; Carson, Ralph V. Jr.; Garcia, David J.; Garlock, Charles A.; Goldman, Stanley F.; Kime, Richard A.; Lazarowicz, Kenneth; May, Kevin D.; Reynolds, Julie C.; Roser, John R.R.; Winchester, Jerry L.; **PUERTO RICO**: Martinez, Maria I.R.; **SOUTH CAROLINA**: Barfield, Dorothy H.; Leighton, Jeffrey M.; McGregor, Karen G.; White, Peter E.; **TENNESSEE**: Deng, Shifei; Hall, Richard G.; Kirkpatrick, Billy J.; Peat, Daniel A.; Regan, Jeremiah L.; Rolan, Charles O.; Shirley, Catherine P.; Walker, Meri G.; Walters, Milt K.; **TEXAS**: (Abilene) Fitzgerald, Norman S.; King, Barry G.; (Amarillo) Dodson, Robin A.; (Anson) Blackwell, James D.; (Aransas Pass) Burleson, Julia P.; (Arlington) Motley, Bruce E.; Moore, Cordell B. Jr.; Lay, Daniel W. Jr.; Watson, James D.; Scarborough, James W.; Mechell, Jerry L.; Taylor, Jillian S.; Jensen,

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Enforcement Actions

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Kristine M.; Parish, Linda J.; Hug, Michael A.; Blacha, Richard A.; Shephard, Terry L.; Andrews, Thomas A.; Beach, William C.; (Austin) Anderson, Rodney K. II; Britt, Danny C.; Buelow, David L.J.; Chen, Huey-Ming; Cline, Harold W.; Covington, Frank W.; Davidson, Randall E.; Davis, Frederick G.; Farr, Joe H.; Haddix, Frank F.; Hamby, Robert K.; Hayden, Julian H.; Hicks, Charles F.; Huff, Kyle J.; Jacob, Lawrence W.; Keaveny, Michael T.; Kierl, James E.; Kolbensvik, Joel R.; Lanning, Charles F.; Ledlie, Douglas E.; Luper, Richard J.; Melman, Gil M.; Miller, Michael C.; Offutt, Norma C.; Olson, Dennis W.; Opincar John T.; Pharr, John R. Jr.; Porter, Randy R.; Rabe, Richard W.; Smith, Dudley W.; Smith, Jerry W.; Sparks, Dana R.D.; Stuesser, Lawrence J. Jr.; Swearingen, William A. II; Thompson, Michael D.; Trifonidis, Beverly A.; Wright, Jeffrey T.; (Avery) Harper, Jeff L.; (Bay City) Neuzer, Leo P. Jr.; (Baytown) Merka, Theresa A.; Rincon, Alfredo; Rios, Ambrosio Jr.; (Beaumont) Beshears, Wayne W.; Breen, David N.; Mathur, Girish C.; (Bellaire) Bridges, Dale F.; Dotter, James F.; Roberts, Diane; (Belton) Barge, Vernon W. Jr.; (Brenham) Boehm, Henry J.; (Bryan) Nelson, Michael K.; (Bulverde) Kleine, Marian R.; Stai, Ronald L.; (Campbellton) Caballero, Michael A.; (Carrollton) Faircloth, Edwin D.; Fourcade, James S.; Jarrell, Mary; Phillips, Billy R.; Shackelford, Donald G.; Snell, James H.; Waters, Matthew W.; Whitaker, Cathy A.; (Cedar Hill) Schleif, Richard T.; Stirsman, Sylvia; Thurston, George W. Jr.; (Cleburne) Runnels, Floyd R.; (Colleyville) Welker, Patrick L.; (Commerce) Cain, Herschel L.; (Comstock) Taylor, John E.; (Conroe) Oualline, Ellis A. Jr.; Garst, Stephen F.; (Converse) Bean, Krista G.; (Coppell) Trevino, Guillermo R.; Munsch, Joe R.; Martin, Phillip L.; (Corpus Christi) Atanian, Lynda B.; Bilbe, Dennis J.; Goodwin, Cynthia K.; Williams, Howard E.; (Cypress) Ellena, Jeffrey J.; Matassa, Michael J.; (Dallas) Aelvoet, Frank L.; Allison, Peter M.; Bair, Woei-Hwa; Barnett, Joy L.; Bergman, Jeffrey K.; Box, Gerald L.; Calhoun, Christian A.; Chen, Fanjan; Cole, Keith H. Jr.; Courter, Wanda R.; Cox, Charles C.; Craig, James R.; Culbertson, Kenneth R.; Culp, Gwen P.; Deutscher, Layne A.; Dinger, Jack D.; Doyle, John A.; Dyer, Kathryn F.; Eiland, Guy M.; Evans, David N.; Flanagan, Sandra A.; Fowler, Don D.; Fry, Thomas R.; Glass, Martin I. Jr.; Gremont, Boris; Hanley, Lauren; Harvey, Vickie; Hearn, Donald J.; Hill, Rebecca E.; Holmes, Marsha A.; Hudnall, William R. III; Huselton, Thomas W. Jr.; Jenkins, John L.; Jennings, Wilburn J.; Kahn, Alan R.; Kershaw, James E.; Kirkham, Daryl S.; Konopatzke, Jean C.; Kramer, Lane A.; Lane, Van T.; Laster, Michael G.; LeBeau, Lucy B.; Lewis, Kenneth W.; Lumry, Sharon E.; Malik, Khalid M.; Marinos, Elia P.; Marsh, Roy A.; Massey, James A.; Massey, Richard A.; McAulay,

George W.; McDaniel, Hugh; McMenamy, Bobby B.; McNulty, Michael S.; Meindl, Amy Grissom J.; Montee, James A.; Moore, David L.; Morton, Stephan E.; Nabholtz, John L.; Nassif, George P.; Newsom, Boyd L.; Nixon, Nick E.; Novotny, John R.; Oliver, Richard J.; Packard, Ruth A.; Parsons, Michelle L.; Pedler, Ralph J.; Raithel, Jeffrey A.; Roberts, Cynthia A.; Rolater, John R.; Rovinsky, Sol S.; Schmidt, Keith A.; Schumacher, Martha A.; Scott, Wade H. III; Scudder, Mark S.; Simon, Stanley C.; Tankersley, Michael W.; Teitelbaum, Jay; Thornberry, Jon B.; Thumlert, George S.; Treber, Judith A.H.; Trulove, Lacie D.; Tucker, William L. II; Turner, Gregory G.; Turner, Susan S.; Van Hoose, Cyrus P.; Vaughn, Robert C.; Vick, Gretchen G.P.; Vineyard, James P.; Vivian, Robert T.; Waghorne, Richard C.; Walker, David C.; Walsh, Kathleen A.; Walters, Kevin H.; Watts, Fred H.; Wegner, Gary L.; West, Bobby B.; Wolf, Margaret A.; Woolsey, John B.; (De Soto) Romney, Kevin D.; (Denton) Thornton, Phillip W.; (Desdemona) Maltby, James W.; (Duncanville) Foreman, Carl E.; Hudson, Charles T. Jr.; Tucker, Ernest D.; (Edinburg) Kieffer, Era H.F.; Leal, Abelardo J.; (El Paso) Hammond, Charles B.; Head, Julie S.; Vollmer, James F. Jr.; (Elkhart) Commander, Morris W.; (Ennis) Jansen, Susan R.P.; (Euless) Paris, Gary F.; (Flint) Hill, James F.; (Fort Worth) Able, Roy T.; Arnold, Paul W.; Boeckman, Wayne J.; Bush, Alan H.; Cantwell, Richard C.; Causseaux, Russell A.S.; Cogley, Patrick J.; Cornish, Cranston F.; Griffith, Merlin W.; Hill, Edd L.; Jennings, Randall R.; Johnson, James F.; Kotapish, Susan K.; Massey, Lisa D.; Murphree, Gary M.; Nibbelin, Jeanette B.B.; Onken, Michael J.; Peninger, Ricky D.; Pool, Norman D.; Robinson, Rebecca J.; Snyder, E.A.; Wilson, Fayne C. Jr.; Yarmchuk, James; (Galveston) Sweeney, Anita M.; (Garland) Africa, Edgardo R.; Braley, Anna P.B.; Brennan, Brian S.; Buchholz, Donald A.; Horak, John D.; Ogden, Kyle W.; Trousedale, James P. Jr.; (Grapevine) Mitchell, Wesley L.; (Haltom City) Line, Lee A.; (Hickory Creek) Marusa, Diane L.W.; (Houston) Aeck, Donald F.; Barbour, Sheaulu L. Jr.; Barefield, Clifford H.; Beverly, Brandy M.; Bieterman, Thomas C.; Blumrich, Henry C.; Bodine, Linda C.; Branum, Lee R.; Brunson, Robert B.; Burkin, Robert F.; Carpenter, Charles L.; Cassity, David C.; Castro, Ronald; Chatrou, Breckenridge J.; Cherry, Ursula I.; Coggeshall, Margaret L.; Collins, Catherine K.; Conrad, Cynthia K.; Cook, Don S.; Cooper, Allen A. Jr.; Cooper, William J.; Corbitt, Richard W. II; Davis, Deanna L.; Davis, Roy K. Jr.; DeAngelo, Salvatore V.; DeBlanc, Winston R.; DeGrasse, Donald D.; Diamonon, Kathleen T.; Dobson, William A.; Dowd, Curtis C.; Dyer, Holly C.; Falik, Thomas A.; Fink, Roland W.; Foster, John A.; Frederking, David V.; Galloway, Herbert S.; Gesell, Craig E.; Giblin, Stephanie J.T.; Gorney, Michael L.; Green, Brenda K.Y.; Grinis, Mark A.; Guest, Thomas H.; Haider, Ahmed F.; Hampton, Richard E.; Hand, Lisa R.; Hanley, William R.; Hanlon, Joseph R.; Hardy, Allan R.; Hollingsworth, Borden B. Jr.; Holloway, Don R.; Horwitz, William C.;

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Respondents (firms): LOUISIANA: George E. McGovern III; **TEXAS:** **(Alice)** Carl R. Smith; **(Amarillo)** J. Robert Pendleton, P.C.; **(Arlington)** Jerry Paul Osborne; Martin R. Durbin; Philip M. Ellison; **(Austin)** Linda Shank Eller; M.C. Miller, P.C.; **(Cedar Hill)** Davis, George S.; **(Corpus Christi)** Dennis J. Bilbe; **(Dallas)** Charles C. Cox; Gary L. Wegner; George S. Thumlert Jr.; Haley, Winfrey & Company, P.C.; Michael Paul Anderson; Ralph John Pedler; **(Denton)** William K. Barnett; **(Duncanville)** C. Terry Olson; **(El Paso)** Harold Edward Steer; **(Fort Worth)** Christopher Earl Carter; Richard Conan Cantwell; Robert Hendrix Merrill; Stephen Louis Smith; **(Garland)** Wm. R. Schleusner. **(Grand Prairie)** Chaudry Humayun Raza Anwar Jaura; **(Hous-**

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Disciplinary procedures

Continued from page 1

Ethical, behavioral, and technical complaints.

Upon receipt of the licensee's response to the complaint, the investigation is reviewed by one of three Board enforcement committees. If the case involves a Big 6 firm, a financial institution, an insurance company, or is a case of a major nature, it is referred to the **Major Case Enforcement Committee**. An investigation involving the technical application of industry standards or tax matters is handled by the **Technical Standards Review Committee**. If no technical standards are involved, the case is forwarded to the **Behavioral Enforcement Committee**. Between September 1, 1994, and May 31, 1995 (the first nine months of FY 95), the Board opened 161 cases falling into these categories, called disciplinary complaints.

CPE, quality review, and license fee complaints.

A large number of the Board's activities arise from the failure of license and registration holders to comply with the continuing professional education and quality review requirements, as well as from failure to pay the annual license fees. These are referred to as administrative complaints, and comprise approximately ninety-five percent of all complaints opened by the Board. In the nine-month period between September 1, 1994, and May 31, 1995, the Board opened 3,185 of these "administrative" complaints, compared with 2,978 in the entire prior fiscal year. To avoid problems in these areas, a CPA should keep abreast of all of these requirements and any changes that may arise.

The committee's role in an investigation.

The Board's enforcement committees meet on a regular basis to review each investigation and prepare recommendations for the Board's consideration. The committees have no binding authority,

and all committee recommendations are subject to approval of the full Board. These recommendations may include any of the following:

- The case may be dismissed based on the CPA's voluntary compliance or on a finding of insufficient evidence of a violation.
- The licensee may agree to corrective or educational actions or to disciplinary sanctions such as a reprimand, revocation or suspension of his certificate, limitation on the scope of practice, probation, imposition of direct administrative costs associated with the case, and/or assessment of administrative penalties.
- The recommendation that further investigation be undertaken by the staff or by an advisory committee may be made.
- The committee may recommend conducting an informal conference or holding a public hearing.
- The complaint may be deferred pending the outcome of ancillary matters (e.g., completion of civil litigation or probation or other sentence imposed by a court of law).

Hearing both sides... the informal conference.

After reviewing the investigation, the Board committee may also conduct an informal conference, which is a meeting between the committee, the complainant, and the licensee for the purpose of permitting open discussion of the allegations. The committee frequently attempts to resolve an investigation by seeking an informal resolution of the matter.

At the informal conference, committee members are able to question both parties in order to ascertain the validity of the complaint. At the close of the informal conference, the committee deliberates in private, afterwards announcing its recommendation to the parties.

When the committee believes a violation has occurred, the licensee is frequently offered an agreement for disciplinary or corrective action. For example, if the licensee is found to have withheld client records, the committee may offer a reprimand or a suspension of the individual's cer-

tificate.

The licensee may reject the committee's recommended sanction, in which instance the matter is placed on the contested case hearings docket. If the licensee agrees to the sanction, the terms are written as an agreed consent order to be submitted to the Board for approval and ratification, modification, or rejection. The agreed consent order becomes final when its terms are accepted by the Board in a Board meeting.

The following disciplinary sanctions, in any combination, are available at an informal conference:

- The CPA is given the opportunity to voluntarily comply with the Act and Board rules.
- The licensee may be reprimanded.
- The respondent may be required to obtain additional continuing professional education in certain areas in which the committee believes the individual needs remedial work.
- A peer review may be required.
- The CPA may be required to return client documents or to make restitution.
- The individual may be offered probation.
- The CPA's certificate may be suspended or revoked.
- A limitation may be placed on the scope of the licensee's public accounting practice.

The public hearing and final Board action.

If the dispute is not resolved in an informal conference or by an agreed consent order, the committee may direct that a public hearing be held before an administrative law judge of the State Office of Administrative Hearings. The hearing is adversarial, follows the rules of evidence in Texas non-jury district court proceedings, and is similar to a civil lawsuit. The hearing must comply with the *Texas Administrative Procedure Act, Section 22 of the Public Accountancy Act, and Chapter 519* of the Board's rules. Many of the discovery mechanisms of a trial are available in contested case hearings. A court reporter is present and makes a record of the proceedings; transcripts are prepared at the expense of the requesting party.

Under the Act and the Board's rules, the licensee must be given

twenty days' written notice of the date, time, and place of the hearing, and the allegations that will be heard.

Enforcement Division attorneys represent the Board at public hearings. The licensee has the right to an attorney or may represent himself or herself.

After the hearing, the administrative law judge prepares a proposal for decision, which is sent to the parties prior to the Board's consideration in order to permit the parties to submit written exceptions. The Board may accept, modify, remand, or reject the proposal for decision, and may also accept or reject any exceptions.

The following disciplinary sanctions, in any combination, may be imposed following a public hearing:

- The licensee's certificate may be revoked.
- The license or certificate may be suspended under any terms, conditions, or limitations, not to exceed five years.
- The CPA may be reprimanded, censured, or placed on probation.
- A limitation may be placed on the scope of the licensee's practice.
- The Board may refuse to renew the CPA's license.
- The Board may impose direct administrative costs and/or administrative penalties.

Board actions can be appealed to the district courts in Travis County.

Avoiding a complaint.

A CPA may avoid or resolve many of the causes leading to disciplinary sanctions by maintaining his lines of communication with clients, other CPAs, and the Board. Licensees are encouraged to call the staff at the telephone numbers on page 12 of the *Texas State Board Report* or write to the Board office whenever questions arise. Copies of the *Rules of Professional Conduct* are available in brochure form, and all Board rules (including the *Rules of Professional Conduct*) may be purchased with the order form on this page. ○

Board sues American Express

The Texas State Board of Public Accountancy has filed a lawsuit against American Express Tax and Business Services, Inc. (formerly known as IDS, Financial Services, Inc.) for the practice of public accountancy without a license or registration.

The Board asserts in its lawsuit that the defendant corporation, although unlicensed, has been preparing financial statements for the public with language representing an expertise in accounting. The Board further asserts that individual certified public accountants licensed by the Board have been preparing the financial statements as employ-

ees of the defendant corporation and thus practicing public accountancy through an unregistered entity.

The Board is asking the court to permanently enjoin American Express Tax and Business Services, Inc. from signing its name to any financial statement with any wording indicating that it is an accountant or auditor or any wording indicating it has expert knowledge in accounting or auditing unless it complies with the *Public Accountancy Act*. Persons seeking information on this Board action may contact the Board's executive director, William Treacy, at (512) 505-5501. ○

BOARD RULES AVAILABLE

The Board has published its rules and regulations in their entirety in a three-ring binder for the convenience of licensees, libraries, and other interested parties. The initial publication and a one-year subscription of updates may be purchased by cashier's check, personal check, or money order made payable to the Texas State Board of Public Accountancy. Please complete the appropriate information below:

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Board elects officers

At its June meeting, the Board elected the Executive Committee, which is comprised of officers and two at-large members. They will serve for the next twelve months under the leadership of **Frank W. Maresh**, CPA from Austin, who was designated in May as Board chairman by Gov. George W. Bush.

Wanda R. Lorenz, CPA from Dallas, was elected vice-chairman. She was last year's Board treasurer and is chairman of

both the Rules Committee and the Behavioral Enforcement Committee.

Nita J. Clyde, also a Dallas CPA, was elected treasurer, and **Carmen C. Garcia**, CPA from San Antonio, was elected secretary. **Dr. Clyde** chairs the Regulatory Compliance Committee and the Technical Standards Review Committee. **Ms. Garcia** previously served on the Executive Committee as a member-at-large, and has been appointed to chair the

Peer Assistance Oversight Committee.

The Executive members-at-large are Arlington CPA **Vernon D. Evans** and I. Lee Wilson, a Dallas CPA. **Mr. Evans** was the Board's vice-chairman last year, and is now chairman of the Qualifications Committee. **Mr. Wilson** has served on the Executive Committee since 1992, both as vice-chairman and as member-at-large. He now chairs the Quality Review Committee. ○



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