

# TEXAS STATE BOARD REPORT

MAY, 1984

AUSTIN, TEXAS

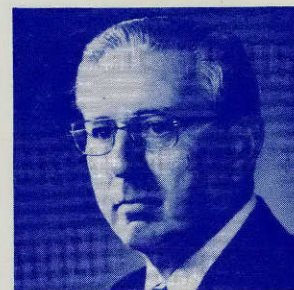
VOL. 16



## BOARD ELECTS OFFICERS FOR 1984-1985



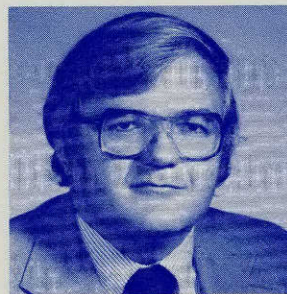
*Frank T. Rea, CPA  
Chairman*



*Stanley J. Scott, CPA  
Vice-Chairman*



*William H. Quimby  
Secretary*



*Robert S. Driegert, CPA  
Treasurer*

At its annual meeting in April, the Board elected **FRANK T. REA**, Houston CPA, as Chairman; **STANLEY J. SCOTT**, Dallas CPA, as Vice-Chairman; **ROBERT S. DRIEGERT**, Dallas CPA, as Treasurer; and **WILLIAM H. QUIMBY**, public member from Dallas as Secretary. Terms of office began May 1, 1984.

Mr. Rea, a former partner of Price Waterhouse, holds a B.B.A. from The University of Texas at Austin and an L.L.B. from South Texas College. He is immediate past Treasurer of the Board and has served as Chairman of the Long-range Planning and Examination Committees, and as a member of the Continuing Education and Executive Committees. He is active in the National Association of State Boards of Accountancy, presently serving that organization in the capacity of Vice-President.

Mr. Scott's election inaugurates a second term as Vice-Chairman of the Board. Additionally, he is Chairman of the Technical Standards Review Committee and a member of the Long-range Planning and Executive Committees. Formerly a senior partner in the Southwest Regional Office of Arthur Young & Co., he is currently Chairman of the

Department of Accounting, Edwin L. Cox School of Business, Southern Methodist University.

Mr. Quimby, Director of Administration for the law firm of Thompson, Coe, Cousins & Irons, was appointed as a public member of the Board in January, 1981. He holds a B.B.A. from Stanford University and is an experienced administrator, to include a position as Executive Director of the Texas Society of CPAs. During his Board term he has served on the Entry and Reentry Screening Committee, the Continuing Education Committee, and on a number of Board hearing panels.

A CPA with Dohm & Wolff, Mr. Driegert was appointed to the Board in October, 1981. He holds a B.S. in Economics from the Wharton School, University of Pennsylvania, and an M.B.A. and J.D. from The University of Texas at Austin. During his term on the Board, he has served as Chairman of the Entry and Reentry Screening and Continuing Education Committees, and as a member of the Long-range Planning Committee.

Board appointments of each new officer will continue through January 31, 1987.

## *From The Chairman...*

The National Association of State Boards of Accountancy (NASBA) has been mentioned in this publication on a number of occasions. Because of the possibility of misinterpretation of the Board/NASBA relationship, I would like to briefly clarify the Board's position.

NASBA, as the name implies, is an organization composed of representatives of accountancy boards of all states and territories. One of the obvious benefits derived from NASBA participation is the sharing of information among states. Discussing topics of mutual concern enables one board to benefit from the experience—pro or con—of another. A second benefit is administrative in nature. The NASBA staff in New York acts as an information distribution center for state policies, proposals, and other matters of interest to all.

The organizational framework of NASBA is committee-oriented. Texas Board members usually volunteer to serve on NASBA committees which most nearly correspond to their Board committee assignments. Since NASBA operates at both regional and national geographical levels, committee participation has been valuable to Texas. Locale-type problems are better discussed regionally, while procedural-type problems are often more beneficial when discussed with out-of-region states such as California, Illinois, and Florida (which states more nearly compare to Texas in numbers of examination candidates and licensees).

Working with the American Institute of CPAs (AICPA), NASBA recently proposed a Model Bill for review by the membership of both the AICPA and NASBA. Proposals in the Model Bill were exactly that—suggestions, and while in many ways it is beneficial to individual CPAs and states to adopt similar examination and licensing requirements, such is not always the case. The Texas Board, therefore, does not enact regulations or adopt rules simply because other states have them or because NASBA or the AICPA recommends adoption. Each proposal is carefully weighed against the specific circumstances of this state, and dealt with accordingly.

I have served one term on the NASBA Board of Directors and currently serve as a Vice-President. Other members of the Texas Board actively participate in NASBA committees. It is my belief that membership in and support of NASBA benefits all state boards, licensees, and the public.

The Long-range Planning Committee of the Texas Board has as one of its responsibilities the study of proposals by national organizations. The Model Bill is one topic on the committee agenda. Comments from licensees regarding topics under discussion by the Board are always invited, particularly in matters of a long-range nature. It is by studying multiple points of view that the best decision can be reached.

I look forward to working closely with NASBA and with committees of this Board during my term of office, and I welcome your comments.

**FRANK T. REA, CPA**  
Chairman

## NOVEMBER, 1984 EXAM SCHEDULE

The November, 1984, Uniform CPA Examination will be conducted as follows:

### Examination Sites

Austin	Lester E. Palmer Auditorium
Corpus Christi	Bayfront Plaza Convention Center
El Paso	University of Texas at El Paso Special Events Center
Fort Worth	Tarrant County Convention Center
Galveston	Moody Convention Center
Houston	Albert Thomas Convention Center
Lubbock	Lubbock Civic Center
San Antonio	San Antonio Convention Center

### Examination Times

November 7	1:30 p.m. - 6:00 p.m. Accounting Practice, Part I
November 8	8:30 a.m. - 12:00 Noon Auditing 1:30 p.m. - 6:00 p.m. Accounting Practice, Part II
November 9	8:30 a.m. - 12:00 Noon Business Law 1:30 p.m. - 5:00 p.m. Accounting Theory

The deadline for submission of applications to sit for the November, 1984, examination is August 31, 1984. Grades from the May, 1984, examination will be released July 30, 1984.

## MEETINGS

### TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

July 30-31, 1984  
September 27-29, 1984  
October 25-27, 1984  
November 16-17, 1984

### CPA SWEARING-IN CEREMONY

November 17, 1984

### NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY (NASBA)

June 3-5 Southwest Regional Meeting  
Little Rock, Arkansas  
September 16-19 Annual Meeting  
New Orleans, Louisiana

# ELEVEN NAMED OUTSTANDING CANDIDATES



OUTSTANDING CANDIDATES, left to right, Wood, Keith, Christensen, Kottler, Williams, Carpenter, Parris, Talley, Heep

At the May Swearing-in Ceremony, eleven candidates were recognized by the Board for outstanding achievement on the Uniform CPA Examination. Informally referred to as the "Top Ten," this ceremony's group numbered eleven due to a three-way tie both for highest score and for ninth place. When introducing the candidates and presenting the awards, **FRANK T. REA**, Chairman of the Board, noted that "as a CPA, I find that eleven 'Top Ten' doesn't balance, but this is the situation."

Named as the "Top Ten" were **LYSABETH ELLEN WOOD**, CPA, **PAMELA ANN KEITH**, CPA, and **ANN ADAIR CHRISTENSEN**, CPA, all employed with Ernst & Whinney's Dallas office; **WILLIAM WALTER McENTIRE**, CPA with Sol Schwartz & Associates in San Antonio; **MARJORIE S.**

**KOTTLER**, CPA, Controller with Happy Hands Publishing Company, Fort Worth; **DWIGHT FULLER WILLIAMS**, CPA, Arthur Andersen & Co., Dallas; **DON PATRICK CARPENTER**, CPA, Tenneco, Inc., Houston; **KEITH ROYAL PARRIS**, CPA, and **DON MATTHEW HEEP**, CPA, with Valero Energy Corporation in San Antonio; **KITTEN Y. TALLEY**, CPA, Hull Tax Service, Inc., San Antonio; and **JERELYN R. EAGAN**, CPA, Shell Oil Company, Houston.

Also participating in the ceremony were Board officers and the Honorable **GIBSON D. LEWIS**, Speaker of the Texas House of Representatives, who spoke on matters of concern regarding the Texas economy.

The ceremony was followed by a reception hosted by the Texas Society of CPAs.

## PAYMENT OF ANNUAL LICENSE FEE

Licensees are reminded that payment of annual **DUES** to the Texas Society of CPAs **DOES NOT** constitute payment of the mandatory **ANNUAL LICENSE FEE** to practice public accountancy in the state of Texas. Failure to pay the annual license fee to the Texas State Board of Public Accountancy for a period of three years constitutes a violation of Section 21 (b) (9) of the Public Accountancy Act of 1979, as amended, and results in Board action to revoke the CPA certificate.

Individuals who do not hold a current 1984 license should call the Board's Licensing Division at (512) 451-6576.

## AS OF APRIL 30, 1984...

ACTIVE LICENSEES	Male	Female	Total	Prior Year Active
CPAs	23,579	5,976	29,555	28,799
Public Accountants	242	26	268	335
Section 14s	81	12	93	86
Partnerships			618	615
Professional Corporations			779	751

# CHARACTERISTICS OF SUCCESSFUL TEXAS CPA CANDIDATES

by W. Marcus Dunn, Ph.D., CPA, and Thomas W. Hall, Ph.D., CPA

In May, 1983, 9,684 candidates sat for the CPA examination in Texas, more than in any other state and 14 percent of the total number sitting nationwide. Of these Texas candidates, 29.8 percent were sitting for the first time, while 70.2 percent were repeat candidates. The per part and overall pass rates for CPA candidates in Texas and nationwide are represented below:

Examination Part	Texas	National
Auditing	28.3	32.8
Business Law	29.2	33.1
Accounting Theory	29.0	34.8
Accounting Practice	29.3	33.3
Overall Average	29.0	33.5

The data above show that the performance of Texas candidates is below the national average. Due to the lack of national data on candidate characteristics and performance, the reasons for the relatively poorer performance of Texas candidates cannot be positively identified. Nevertheless, based on prior research and an analysis of certain Texas data, the poorer performance of Texas candidates is probably attributable to one or more of the following reasons:

(1) differences in Texas' sitting requirements versus those of other states;

(2) differences in the quality of education in Texas schools versus schools of other states; and

(3) differences in the basic characteristics of Texas candidates versus candidates in other states (aptitude, motivation, examination preparation, etc.). For example, the May, 1983, Texas candidates who received their accounting education at out-of-state schools had higher aptitude test scores and more hours of preparation for the examination than in-state educated candidates. Both of these characteristics are known to be positively associated with examination scores.

The preceding data also indicate that only about 29 percent of Texas candidates were successful on the parts attempted, while the other 71 percent failed. Such a high failure rate would appear to be excessive given the evidence that candidates of certain other states (Illinois and Wisconsin) have average pass rates in the range of 45 to 60 percent. If this high failure rate of Texas candidates is to be reduced, the characteristics associated with success and failure must be identified and communicated to candidates and accounting educators. With that end-in-view, the characteristics of successful and unsuccessful Texas candidates are compared and discussed in the following paragraphs.

The data used to compare the characteristics of successful and unsuccessful Texas candidates are for the May, 1983, examination candidates having only an undergraduate accounting education and sitting for the accounting practice part of the examination. Candidates with graduate study were excluded to ensure that the resulting analysis was representative of the vast majority of Texas candidates who have accounting education only at the undergraduate level (approximately 90 percent). Accounting practice was used because it is the longest and most comprehensive examination part.

The grade distribution for undergraduate candidates sitting for accounting practice is as follows:

Grade	Number of Candidates	Percent
80 and above	238	5.1
75-79	1,089	23.3
70-74*	0	0.0
60-69	1,395	29.8
59 and below	1,956	41.8
	4,678	100.0%

\*No grades are assigned between 70 and 74, inclusive.

Of the 28.4 percent of candidates who were successful, less than 2 out of every 10 passed by more than 5 points (clear pass), while approximately 8 out of every 10 passed by 5 or fewer points (marginal pass). For the 71.6 percent of candidates who were unsuccessful, approximately 6 out of 10 were more than 15 points away from a passing grade (clear fail)! Approximately 4 out of every 10 unsuccessful candidates failed with grades of 60 to 69 (marginal fail). In summary, only a very small percentage (5.1 percent) of the total candidates demonstrated a strong mastery of the material tested on the practice part of the examination. For the remaining 94.9 percent of candidates, mastery of the material tested, as evidenced by their examination scores, ranged from barely adequate to substantially inadequate. An implication of these results would appear to be that, except for the clear pass candidates, a passing grade was problematic and additional examination preparation would have been in order.

A comparison of the characteristics of the clear pass candidates (grade of 80 or above) with the same characteristics of the clear fail candidates (grade of 59 or below) can provide insight into why some candidates are successful on the examination whereas other candidates fall short of a passing grade. The characteristics to be compared and the average characteristic values for the clear fail and clear pass candidates are presented:

Characteristic	Clear Fail Grade 59 or Below	Clear Pass Grade 80 or Above
Average Age	27	25
Average Scholastic Aptitude (SAT score)	1,001	1,150
Average number of years out of school	3.34	1.92
Average number of undergraduate accounting hours	29.7	30.2
Average undergraduate accounting grade point average (GPA)	2.92	3.49
Average hours of self-study preparing for examination	129	187
Average years of experience in public accounting	.74	.64
Average years of experience in industry	1.49	1.13
Percent of candidates participating in a CPA review course	43%	70%

The clear pass candidates are slightly younger, have considerably higher scholastic aptitude, grade point average, self-study hours, and CPA review course participation, and they have been out of school fewer years and have less work experience than their clear fail counterparts. There is little difference between the two groups in the number of accounting hours completed. This is not surprising since, as a result of the licensing requirements of the 1979 Public Accountancy Act, most candidates sitting for the examination in Texas complete at least 30 hours of accounting.

The implications of the preceding comparisons for success on the examination are straightforward. As a general rule, the greater a candidate's scholastic aptitude, the more successful the candidate should be on the examination. While candidates have little control over their scholastic aptitude, knowledge of such a deficiency can serve as a warning of the need to compensate for the lower scholastic aptitude by working harder on their accounting coursework and by undertaking additional preparation for the examination beyond their specific accounting coursework.

Clear pass candidates take their accounting education very seriously and master their accounting coursework (as evidenced by their high grade point average), and they also spend considerably more time (45 percent more self-study hours and 63 percent greater participation in CPA review courses) than their clear fail counterparts in preparation (beyond their accounting coursework) for the examination. The comparison also indicates that candidates should not delay taking the examination in order to gain work experience. The examination is principally academic in nature and available evidence indicates that both years out of school and experience are negatively associated with success on the examination.

The high failure rate of Texas candidates on the CPA examination can be reduced if the candidates will take the examination much more seriously than they appear to be doing at the present time. Candidates need to recognize that there is a very high association between mastery of their accounting coursework and performance on the examination. Furthermore, substantial additional preparation beyond the candidates' accounting coursework should become the rule rather than the exception to the rule. Finally, candidates should take the examination in close proximity to completion of academic programs. Candidates are making a mistake if they delay taking the examination in order to gain accounting work experience.

**(Ed. Note:** Doctors Dunn and Hall are Associate Professors of Accounting at The University of Texas at Arlington and serve as consultants to the Board. Copies of studies prepared for the Board regarding candidate characteristics and performance are furnished to Texas colleges and universities.)

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## SUBSTANTIVE RULES

### Proposed Rule Changes

Rule changes have been proposed as follows:

- **511.83, Certification as CPA** - the proposed amendment would insure that a passing grade of 75 for part(s) of the CPA examination taken in other jurisdictions by a candidate is equivalent to the grade requirement of Texas candidates. The amended rule would read as follows: "In order for the Board to grant credit to a candidate for satisfactory completion of a written examination given by the licensing authority of another state, THE CANDIDATE MUST HAVE RECEIVED A PASSING GRADE OF AT LEAST 75% ON THE SUBJECT(S) TRANSFERRED, AND the candidate must have received credit for two or more subjects of the Uniform CPA Examination at a single sitting..."
- **511.165, Reinstatement of Certificate** - the proposed amendment would provide an exemption for individuals 65 and over from the 120-hour requirement for continuing professional education when applying for reinstatement in retired status. The amended rule would read as follows: "An individual seeking reinstatement of a certificate as a certified public accountant must, unless otherwise provided by Board order, show satisfactory evidence of completion of a minimum of 120 hours of continuing professional education courses within the three years preceding reinstatement. INDIVIDUALS WHO ARE OVER 65 YEARS OLD WHO MEET THE BOARD'S QUALIFICATIONS TO SEEK REINSTATEMENT UNDER 'RETIRED STATUS' ARE EXEMPT FROM THE 120-HOUR REQUIREMENT FOR CONTINUING PROFESSIONAL EDUCATION..."

Final action on the proposed amendments will be considered at the July Board meeting.

# UPDATE TO CE SPONSOR LIST...

The November, 1983, issue of the BOARD REPORT listed CE sponsors registered from November, 1983, to publication date, and the February, 1984, issue (misprinted as November, 1983) included an update. The following sponsors are those who have

registered with the Board since publication of the February BOARD REPORT. (Note: due to space limitations, prior listings will not be reprinted; updates will be included in each issue).

A. G. Edwards & Sons, Inc.	Killeen, Tx.	Eagle Tech Systems, Inc.	Dallas, Tx.	North Texas State Univ.	Denton, Tx.
Abilene Christian University	Abilene, Tx.	EDP Auditors Association	San Antonio, Tx.	North Texas State Univ-Business Admin.	Denton, Tx.
Academy of Real Estate, Inc.	Houston, Tx.	Eiger Corporation	Beverly Hills, Ca.	Otis Engineering Corporation	Dallas, Tx.
Accountants Computer Essentials	Richardson, Tx.	El Paso National Bank	El Paso, Tx.	Peat Marwick Mitchell & Co.	Corpus Christi, Tx.
Adriane G. Berg and Associates	New York, NY	Elk Corp. of Texas	Ennis, Tx.	Peat Marwick Mitchell & Co.	Wichita, Ks.
Advanced Systems, Inc.	Dallas, Tx.	Enserch Corp. Internal Audit Dept.	Dallas, Tx.	Peat Marwick Mitchell & Co.	Kansas City, Mo.
Alford, Doebbler, Jungman & Co.	San Antonio, Tx.	Federal Energy Regulatory Commission	Washington, DC	Peat Marwick Mitchell & Co.	Houston, Tx.
Ali-Aba Committee On Cont. Prof. Educ.	Philadelphia, Pa.	Financial Educators	Hurst, Tx.	Pennzoil Company	Houston, Tx.
Alpena Community College	Alpena, Mi.	General Conference Auditing Service	Burleson, Tx.	Peterson & Co.	Chicago, Il.
Amer General Life Insurance Company	Houston, Tx.	Glass & Co., CPAs	Austin, Tx.	Phillip H. Downs	Houston, Tx.
Amer Graduate University	Covina, Ca.	Glazer Financial Group	Dallas, Tx.	Planning Executives Institute	Oxford, Oh.
Amer Inst. For Prop. and Liab. Undwrts.	Malvern, Pa.	Governmental Finance Officers Assoc.	Baton Rouge, La.	Practice Management Services	Houston, Tx.
Amer Petrofina, Inc.	Dallas, Tx.	Gulf Corporation	Houston, Tx.	Productive Business Systems, Inc.	Houston, Tx.
Amer Petroleum Institute	Washington, DC	Hall Securities Corporation	Dallas, Tx.	Professional Learning Systems	Houston, Tx.
Amer Society of Women Accountants	Houston, Tx.	Hardin-Simmons University	Abilene, Tx.	Prudential-Bache Securities	Houston, Tx.
American Assn of Port Authorities	Washington, DC	Harold V. Simpson & Company	Austin, Tx.	Public Accountants Society of Colorado	Denver, Co.
American Society of CLU	Bryn Mawr, Pa.	Healthcare Financial Management Assn.	Houston, Tx.	Public Utility Commission of Texas	Austin, Tx.
Amerivest Group	New York, NY	Houston Baptist University	Houston, Tx.	R. J. Reynolds Industries, Inc.	Winston-Salem, NC.
Applied Human Technologies Inc.	Burleson, Tx.	Hughes Tool Company	Houston, Tx.	Retail Merchants Assn. of Houston	Houston, Tx.
Arco Oil and Gas Company	Dallas, Tx.	IBM Corp-Public Sector Industry Market	Bethesda, Md.	Sam Houston State Univ.-Dept. of Acct.	Huntsville, Tx.
Arthur Andersen & Co.	Dallas, Tx.	Independent Computer Consultants Assoc.	Houston, Tx.	Small Business Group of Digital	Merrimack, NH
Austin Community College	Austin, Tx.	Inside Ferc - McGraw Hill, Inc.	New York, NY.	Smith Barney Harris Upham & Co., Inc.	Dallas, Tx.
Automatic Data Processing	San Antonio, Tx.	Institute Internal Auditors	Austin, Tx.	South Texas College of Law	Houston, Tx.
Axelrod, Smith, Komiss & Kirshbaum	Houston, Tx.	Institute Internal Auditors	Fort Worth, Tx.	Southern Methodist Univ-Sch. of Law	Dallas, Tx.
Baldwin & Haspel	New Orleans, La.	Insurance Institute of America	Malvern, Pa.	Southwest College of Real Estate	San Angelo, Tx.
Bank Administration Institute	Rolling Meadows, Il.	Interfirst Bank Houston N. A.	Houston, Tx.	Southwest Intergovernmental Audit Forum	Dallas, Tx.
Bank of Waukegan	Waukegan, Il.	International Assoc. Financial Planning	Amarillo, Tx.	Southwest Practice Management Group	Austin, Tx.
Bankers United Trust Company	San Antonio, Tx.	International Assoc. Financial Planning	San Antonio, Tx.	Stark & Frahm, P.C.	Houston, Tx.
Bateman & Co., Inc., P. C., CPAs	Houston, Tx.	International Foodservice Dist. Assn.	Falls Church, Va.	Stedman Diversified Services	Houston, Tx.
Bell Learning Systems, Inc.	Tallahassee, Fl.	Interqual	Chicago, Il.	Stephen E. Mosher & Associates	Houston, Tx.
Bette Barler, CPA	Alpine, Tx.	Intl. Foundation Employee Benefit Plans	Brookfield, Wi.	Storms, Werlein & Harris, Inc.	Houston, Tx.
Black Angus Tax Study Group	Houston, Tx.	IRS International Exam	Houston, Tx.	Sun Exploration and Production Co.-Tax	Dallas, Tx.
Brown & Root, Inc.	Houston, Tx.	Jon Corbell and Associates	Houston, Tx.	Texarkana Chapter of CPAs	Tekarkana, Tx.
BYU Management Society-Houston Chapter	Houston, Tx.	Kansas State Univ. - Dept. of Acct.	Manhattan, Ks.	Texas American Bank Houston	Houston, Tx.
Central Texas Chapter of TSCPA	Waco, Tx.	Le Tourneau College	Longview, Tx.	Texas Christian Univ-Div of CE	Fort Worth, Tx.
Charles R. Hobbs Corporation	Salt Lake City, Ut.	Liberal Arts Continuing Education	College Station, Tx.	Texas Credit Union League	Dallas, Tx.
Charles W. Williams, Inc.	Alexandria, Va.	Loma/Life Mangement Institute	Atlanta, Ga.	Texas Education Agency	Austin, Tx.
City of Austin Personnel Staff Devel DV	Austin, Tx.	**Management Assistance, Inc.	Tustin, Ca.	Texas Management Group	Austin, Tx.
Computer Business Consultants Inc.	Bellaire, Tx.	Management Institute of Chicago	LaGrange, Il.	Texas State Management Development Cntr.	Austin, Tx.
Computerland of Victoria	Victoria, Tx.	Maryland Association of CPAs	Lutherville, Md.	Texas Woman's Univ-History Govm. Dept.	Denton, Tx.
Condley and Company	Abilene, Tx.	McAllen State Bank	McAllen, Tx.	Thomas & Thomas, CPAs	Texarkana, Ak.
Conklin Hruzek & Co., P. C.	Houston, Tx.	McBer & Company	Boston, Ma.	Thomas W. Burke and Associates	Austin, Tx.
Construction & Financial Management Assn.	Bernardsville, NJ	Mead Data Central	Houston, Tx.	Touche Ross & Co.	Dallas, Tx.
Construction & Financial Management Assn.	Dallas, Tx.	Michael F. Eilers, CPA	Fredericksburg, Tx.	Training in Professional Success	Dallas, Tx.
Continental Association of CPA Firms	Englewood, Co.	Michigan Association of CPAs	Southfield, Mi	Tymshare	Wichita, Ks.
Continental Bank	Houston, Tx.	Microcomputer Technology Institute	Houston, Tx.	Uccel Corporation	Chicago, Il.
Corpus Christi Bus/Estate Planning	Corpus Christi, Tx.	Midland College	Midland, Tx.	Uccel Corporation	Dallas, Tx.
Creative Management Systems	Austin, Tx.	Mississippi College	Clint, Ms.	Union Texas Petroleum Corporation	Houston, Tx.
Cross Timbers Association of CPAs	Stephenville, Tx.	Moorpark College	Moorpark, Ca.	United Methodist Publishing House	Nashville, Tn.
Dallas Womens Society of CPAs	Dallas, Tx.	Mortgage Banker Assoc. of America	Washington, DC	Univ. Houston - Continuing Education	Houston, Tx.
Daniel Organization	Roswell, NM	Murray Financial Corporation	Dallas, Tx.	Univ. Illinois Dept. of Accounting	Chicago, Il.
Davis, Graves & Co., P. C.	Houston, Tx.	National Accounting & Finance Council	Washington, DC	Univ. Miami-Law Center	Coral Gables, Fl.
Deloitte Haskins & Sells	Dallas, Tx.	National Assoc. of Real Estate Companies	Washington, DC	Univ. of St. Thomas	Houston, Tx.
Deloitte Haskins & Sells	Fort Worth, Tx.	National Association of Accountants	Austin, Tx.	Univ. Texas - Data Processing Div.	Austin, Tx.
Department of Defense USA	Monterey, Ca.	National Association of Accountants	Midland, Tx.	Univ. Texas-Adult & Continuing Educ. Div.	El Paso, Tx.
Dept of Health and Human Services	Washington, DC	National Business Institute, Inc.	Eau Claire, Wi.	Univ. Texas-Off of Personnel Services	Austin, Tx.
Dickson Flato Company, P.C.	Houston, Tx.	National Education Center	Universal City, Tx.	Univ. Tulsa-Dv. Continuing Education	Tulsa, Ok.
Dodd Frazier & Co.	Dallas, Tx.	National Gypsum Company	Dallas, Tx.	US Leadership, Inc.	Dallas, Tx.
Donald J. McMahan & Co., CPAs	Houston, Tx.	National Society of Public Accountants	Alexandria, Va.	USDA Forest Service	Albuquerque, NM
Donaldsons D&H Prof R. E. School	Metairie, La.	National Training Labs Institute	Arlington, Va.	Vought Missiles & Adv. Pgms. Div. M/S 49-1	Dallas, Tx.
Doug Proffitt, P. C.	Dimmitt, Tx.	New Dimensions Learning Systems	Austin, Tx.	William Justin Miller & Associates	Dallas, Tx.
Dresser Industries, Inc. Tax Dept	Dallas, Tx.	New York State Society-Mid-Hudson Chptr.	Newburgh, NY	William Oncken Co. of the Southwest	Richardson, Tx.
Drilco, Division of Smith International	Houston, Tx.	New York Univ -Sch. of Cont. Educ.	New York, NY	Winthrop Securities Co., Inc.	Houston, Tx.
				Wood Michie & Co.	Dallas, Tx.

# ENFORCEMENT...

**REINSTATEMENTS:** Welton Joe Black

## DISCIPLINARY ACTIONS

**Respondents: \***

**Date of Panel Hearing:** January 26, 1984

**Panel Ruling:** The Panel found that Respondents had failed to renew their licenses for the past three (3) consecutive years. Further, that such failure to renew was basis for revocation of their certificates under the provisions of Section 21(b) (9) of the Public Accountancy Act of 1979, as amended. The Panel recommended that the certificates be revoked. The Board approved the recommendation on January 27, 1984. NOTE: Following the revocation, several individuals have taken action to be reinstated. The lack of a current mailing address on file at the Board caused several very active CPAs to have their certificates revoked. Mailing addresses should be up-to-date at all times.

\* Stoney M. Stubbs, Pat Weekley, E. Phipps Cannon, Dennis B. McNamara, Curtis M. Carnes, Vernon H. Petersen, William B. Wood, Charles P. Frasier, Claude B. Tate, Richard W. McCarty, Elmer E. Reichert, Milton M. Chance, Jack D. Sullivan, Val R. Degroot, Isobel Kennedy, Phil B. Cook, Sabra E. Jones, Glenn D. Hamrick, Lucien J. Hutchins, James R. Simmons, W. H. Goggans, John H. Keating, Weldon H. Chamberlain, Robert L. Morgan, William D. Windham, Jr., Basil M. Lee, Carlyle Wayne Woodbury, Norman K. Kaupp, Glynn E. Avant, Paul Chertkov, Sammie V. Rochelle, Jr., Irvin Glenn Shepard, Virgil S. Tilly, Jr., William S. Rossitter, John Randal Brown, George W. Ott, Marian F. Marston, Nelson Armstrong Miner III, William H. Sultemeier III, Jerry L. King, Robert Cornelius Jones, Truett David Reeves, John S. Revilelock, Jose L. Lindner, Joe B. Henry, Harold N. Leavell, Jr., Dale W. Ogden, Samuel Michael Frazier, John Henry Catterton, Clarence McCall Stark, Jr., Robert Edward Collier, Jr., Jack Allen Stein, John W. Keheley, Ocie Clayton Ingram, Jr., Anna Owings, Brooks Weston Boutwell, Rima George, Dale A. Dodge, Robert I. Dell II, Sandra Jo Moss, Clifton Cruse Wistner, Michael Anthony Champagne, Jimmy R. Jones, Aubrey Michael Obannion, Marvin R. Welch, Mary Ann Hillman, Ronald Luke Orlando, Sr., Donald Bingham Spear, Donald R. Warren, Danny Lee Hollingsworth, Ronald David Clack, Donald Eugene Bryant, Martha Constance Clemente, Frederick J. Esch, Michael J. Pledger, Thomas N. Clark, Benjamin F. Robinson IV, Julia Katherine Swisher, Joe R. Thornton, Philip E. Leone, Charles P. Schafer, David J. Savage, C. H. Cole, Jr., John Raymond Gench, Thomas Wayne Daniels, Lawrence R. Cole, Ronald Allan Lindsey, James Richard Cash, Paula Helene Beard, Raymond W. Lindgren, Christopher R. Toppen, Kenneth J. Marchetti, Samuel G. Moore, Wayne Robert Beyer, John C. Bolger, Steven Alan Dickson, Paul Steven Kushel, Steven Frank Buss, Michael Roger Dawson, Michael Lynn Sales, Hilton Mark Wiener, William L. Busler, Claude L. Ashby, Howard Arthur Doss, Charles L. Moss, Allie Mae Shaw, Brenda Johns Hill, David F. Burris, James Thomas Anderson, James T. Gorman, Howard Alan Rybstein, Donald K. Jones, Sharon J. Davis, Joseph Karl Grimm, Jack Cavey Murdoc, David Wayne Goodman, Stephen Starr Farrand, Ronald Joel Terry,

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**Respondent:** Nicholas Falagradly

**Date of Panel Hearing:** February 22, 1984

**Panel Ruling:** The Panel found that the Respondent had withheld business records from the Complainant after repeated requests by Complainant and the successor CPA. The Panel found Respondent's action to be in violation of Sec. 501.32 of the Rules of Professional Conduct. The Panel recommended that the Respondent be suspended for six (6) months. The Board approved the Panel's recommendations on April 20, 1984.

**Respondent:** B. F. Rippy

**Panel Hearing:** February 22, 1984

**Panel Ruling:** The Panel found respondent had falsified his employer's financial records to show a \$1600 deposit as being in transit for some four (4) months, when in fact the deposit did not exist. The Panel found this to be in violation of Sec. 501.12 of the Rules of Professional Conduct. The Panel recommended that the Respondent be suspended for two (2) years. The Respondent did not appear at the Panel Hearing, but was granted a special appearance before the Board. The Board approved the Panel's recommendation on April 20, 1984.

## ENFORCEMENT ACTIVITY

February 1, 1984 - April 30, 1984

Active files	Rules	Act	Total
February 1, 1984	130	267	397
Files opened during period	+43	+45	+88
	173	312	485
Files closed during period*	-10	-41	-51
	163	271	434

\*40 via voluntary compliance, 2 via Board action, and 9 otherwise (unlicensed individuals who have ceased doing business cannot be located or died)

## QUESTIONS AND ANSWERS

- Q. May a professional corporation (P.C.) continue to use the name of a shareholder who has withdrawn from the P.C.?
- A. Absent dissolution of the named P.C., the P.C. continues forever in the name in which it was incorporated. In the case of a partnership, however, the surviving partner may only use the partnership name for two (2) years after withdrawal or death of all other partners. Sec. 501.42 of the Rules of Professional Conduct.
- Q. What effect does filing of bankruptcy have on the license of a Certified Public Accountant?
- A. The filing of bankruptcy as authorized by law in and of itself does not effect one's standing. Should the circumstances leading up to the filing involve the violation of the Public Accountancy Act of 1979, as amended, or the Rules of Professional Conduct, the basis for disciplinary action exists.
- Q. May records be retained when there is a balance due on the engagement?
- A. Regardless of the status of the account, records provided by the client or obtained in behalf of the client must be returned and for a reasonable charge (\$.25 a page and \$20 per hour for assembling and copying), a copy of the licensee's working papers, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records and are not otherwise available to the client, i.e., adjusting journal entries, depreciation schedules, etc., must be provided to the client. Failure to return records is a violation of Sec. 501.32 of the Rules of Professional Conduct. The remaining licensee-produced records may be retained pending payment of the account unless an agreement as to deferred payment was made.

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