

TEXAS STATE BOARD REPORT

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What is the Board?

The Texas State Board of Public Accountancy (the Board) was created by the Texas Legislature in 1915 to protect the public by insuring that persons engaged in the practice of accounting possess capabilities and perform competently in the profession of accountancy on which the public relies.

Statutory basis

The Board operates under the authority of *Texas Revised Civil Statutes Annotated, Article 41a-1* (Vernon, 1991), better known as *The Public Accountancy Act of 1991 (The Act)*. According to *The Act*, "... the terms 'accountant,' 'auditor,' and the derivations, combinations, and abbreviations of those terms ..." imply competence in the profession of public accountancy, and their use should be limited to those individuals with the appropriate education and experience so that the public will not be misled. To this end, the Board licenses CPAs and restricts the use of this term to its licensees. In addition, any of the other terms mentioned above is restricted to use by the Board's licensees.

Affected populations

Given that the Board's primary purpose is to serve the public, the populations most directly affected by the Board and its licensees are those individuals and organizations who rely on financial information prepared or examined by CPAs, who use the services of CPAs in public practice, and who employ CPAs in their own organizations. The populations governed by the Board are examination candidates, individual licensees, and accounting firms.

In addition, the Board has a direct impact on providers of continuing education, higher education institutions, other regulatory agencies, and associations of accounting professionals.

Board structure

The Act provides for fifteen Board members appointed by the governor, with the advice and consent of the Senate, for six-year staggered terms. Board members are required to be citizens of the United States and residents of Texas. Board membership structure is shown below:

- Eight members are licensed CPAs in

public practice at the time of their appointments to the Board.

- Two members are licensed CPAs who may or may not be in public practice at the time of their appointments to the Board.
- Five members are public members who are not licensed under *The Act* and who are not financially involved in an organization subject to regulation by the Board.

Throughout its history, the Board has seen structural changes in its membership. **Table 1** summarizes these changes.

Until 1951, all Board members were CPAs in public practice. With the registration of public accountants in 1946, the Board was obliged to provide for their representation on the Board. With the subsequent decline in their numbers, public accountants no longer serve on the Board.

Two changes that have occurred since 1971, and which are still factors today, are public representation and movement within the profession from public practice to in-

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dustry, education, and government¹. In 1979, the Legislature restructured the Board to emphasize its role as a licensing and public-oriented agency rather than a profession-oriented agency; consequently, three public members were added to the Board to represent the public interest and serve as consumer advocates. In 1992, that number was increased to five, or one-third of the Board's total membership. In 1989, three board positions were allotted to these classifications of CPAs. In 1992, one of these slots was converted to a public member position, along with one of the CPA positions.

Women and minorities on the Board

The first minority was named to the Board in 1982, with the appointment of an Hispanic male. In all, nine minorities have been appointed since the promulgation of the 1979 Act (three Hispanic males, two Black males, one Hispanic female, two Black females, and one Asian female). All but two of these have been elected to Board offices.

The first woman was appointed to the Board in 1979. Since then, six more have been appointed. Of these seven, four are minorities, and four have served as officers (with two of these being both minorities and officers).

Agency structure

The Board's executive director reports directly to the Board and manages the activities of the various divisions. The agency's operations are categorized into three divisions defined along functional lines:

- **Licensing and Qualifications** — Addresses the requirements of individuals and accounting firms to obtain and maintain valid Texas licenses to practice public accountancy.
- **Enforcement** — Addresses the disciplinary actions required when licensees fail to uphold the public trust.
- **Administration** — Facilitates the efficient and effective operation of all Board functions.

¹Presently, over half of the Board's licensees are employed in industry, education, or government.

Membership Category	1915	1945	1951	1971	1979	1989	1991
CPAs in public practice	5	5	5	5	7	9	8
Public accountants	0	0	4	0	0	0	0
CPAs or public accountants in public practice*	0	0	0	4	2	0	0
Public members	0	0	0	0	3	3	5
Other CPAs (no requirement to be in public practice)	0	0	0	0	0	3	2
Total	5	5	9	9	12	15	15
Length of term (in years)	2	2	2	6	6	6	6
Staggered terms (Yes/No)	N	Y	Y	Y	Y	Y	Y

*The last public accountant was appointed to the Board in 1975.

TABLE 1

To put the Board's current activities into historical perspective, the following information summarizes trends in the Board's functions and the public accounting profession in general.

Over the past eleven years, the Board has seen tremendous growth in each of its basic programs. The key performance measures in Table 2 illustrate this point.

The format of the Uniform CPA Examination will change in May, 1994. The format has not been altered in over twenty years; consequently, the changes now being planned are a tremendous undertaking that will require substantial resources.

The enforcement program is responsible for protecting the public interest in the quality of accounting by processing all alleged claims of malpractice. The enforcement program's activities are largely dictated by external factors such as the number of complaints by the public. The Board,

acting through the enforcement committees, reviews each complaint and responds to the person making the complaint. The enforcement staff follows the procedures for administrative hearings and due process in handling cases. While the Board seeks to informally settle cases, an alleged violator may avail him/herself of all the due process procedures, which may require lengthy discovery, depositions, and hearings. In such instances, the number of hours required by the Board and its employees, the cost, and the elapsed time required for resolution of the case increase dramatically.

To date, the Board has received approximately 44 complaints associated with "major cases" involving CPA firms implicated in the audits of savings and loan organizations and insurance companies. These cases are generally very complex and require substantial resources to pro-

Performance Measures	1980	1991	Growth
Active CE records	n/a	45,371	100X
Total active licensees	22,806	53,706	2.4X
Individuals examined	13,175	15,728	1.2X
Complaints opened	83	3,485	42X
TOTAL	36,064	118,290	3.3X

TABLE 2

ecute. For the 1992-93 biennium, the Board has been appropriated \$1.5 million to address these cases. Working with the Texas attorney general's office, the Board is following up on these cases, thus, administering an equal system of justice for all licensees, regardless of the size of the firm involved.

The most challenging task facing the Board is the tremendous growth in all service areas. In order to meet this challenge, the Board must have the resources necessary to carry out its functions.

Board committees

The Board uses committees to assist in the performance of its duties. Committee members are appointed by the Board chairman. The committees generally include two to five board members, and non-Board CPAs are appointed for their expertise in relevant areas. The committees do not have binding authority, but make recommendations to the full Board for consideration and approval. The Board currently has fourteen formal standing committees in such areas as examination, licensing, continuing education, quality review, and enforcement. All enforcement committees have at least one public member.

Licensees

Since 1980, the number of licensees governed by the Board has grown by 135% (from 22,806 in 1980 to 53,706 in 1991). As shown in Table 3, the growth has been relatively stable, averaging approximately 8.3% per year. Note, however, that between 1990 and 1991, the number of licensees increased by an unprecedented 20%. This increase can be attributed pri-

marily to the first-time licensing of practice units by the Board.

The Board registers between 800 and 1,000 new accounting firms each year. A firm may be formed as a corporation, partnership, or sole proprietorship. In addition, 1992 marked the first year that an accounting firm may be formed as a limited liability partnership (LLP) or a limited liability company (LLC). Each firm is reviewed to determine if any outstanding litigation should be referred to the Enforcement Division. Before the new firm can be registered, the status of each principal (partner or owner) associated with the firm must be investigated to determine if he/she has a current Texas license. Each firm must submit a

copy of its articles of incorporation for review and have a certificate of approval issued by the Secretary of State. In addition, the name of the firm must comply with the Board's *Rules of Professional Conduct*.

The number of licenses issued by the board in fiscal year 1991 are presented in Table 4.

Certified public accountants	45,298
Public accountants	196
Practice units	8,139
Section 14 licenses	73
Total Licenses	53,706

TABLE 4

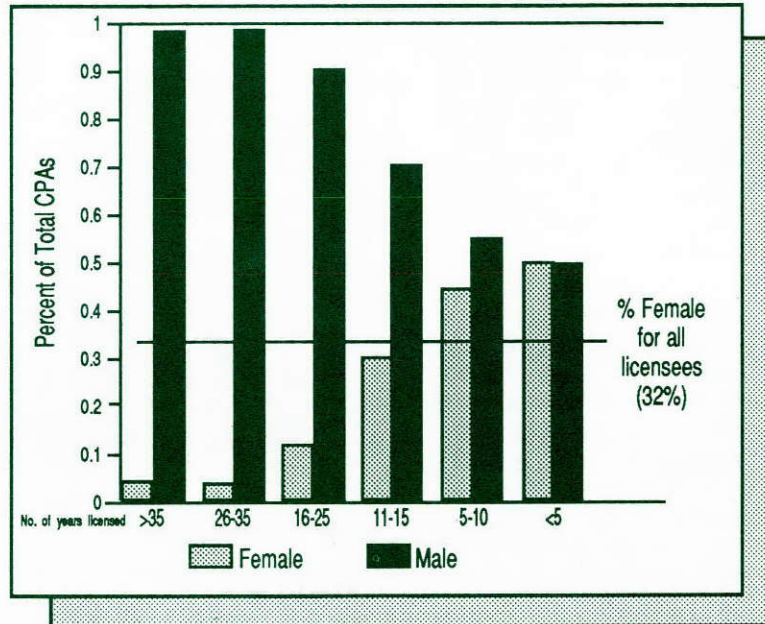


TABLE 5

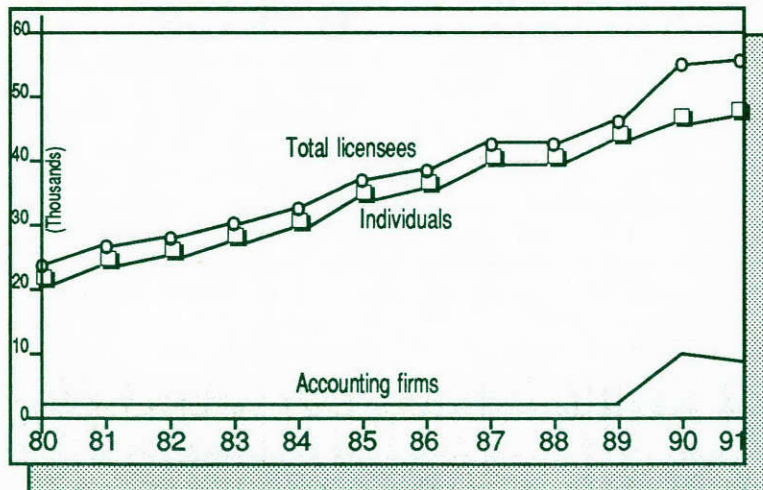


TABLE 3

The presence of women in the accounting profession has increased dramatically over the years. The first female sat for the examination in 1922, and in 1926, the first woman CPA in Texas was issued Certificate No. 219; however by 1945, fewer than ten women had been issued Texas CPA certificates. Currently, 32% of the Board's licensees are women, as illustrated in Table 5. Note that if the number of years a person is licensed is taken into consideration, an obvious trend is emerging. Of the individuals licensed less than five years, 50% are women, compared with less than 5% who have been licensed for over 35 years. When

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the Board certified new licensees in 1991, women outnumbered men by approximately 1%.

Examination candidates

In 1991, the number of examination candidates was 15,728, up approximately 19% from 1980. The number of candidates peaked in 1986, with almost 22,000 sitting for the CPA exam that year. Since then, it has slowly leveled off, so that the average yearly growth in the number of candidates is just over 2%.

Table 6 indicates the number of candidates who sat for the Uniform CPA examination during fiscal year 1991 (with two exams given during the year).

Normally, more candidates sit for the exam in May because it coincides with graduation. However, in 1992, *The Act* was changed to require an individual to complete a degree program before taking the exam (the May examination is usually given before May graduation). In 1992, the number of candidates dropped from 15,728 to approximately 12,000 because candidates who would normally have taken the May exam will take it in November instead. Based on this statutory change and the historical decrease in exam candidates in recent years, the Board anticipates that the number of candidates will stabilize at around 14,000 per year from 1993 to 1998.

Despite the decrease in exam candidates, the Board still anticipates an increase in the number of licensees. Experience has shown that higher education requirements result in higher examination pass-rates. Therefore, the Board estimates an annual increase in individual licensees of 4% to 5% through 1998. Practice units are also expected to increase at an annual rate of 2%, consistent with trends from the last twelve years.

Complaints

Between 1981 and 1991 the number of complaints received by the Board has increased by an average of 58% per year. Complaints are divided into two main categories: *administrative* and *disciplinary*.

Administrative complaints result from the late payment of license fees or insufficient continuing education hours. This category also includes individuals who have not paid license fees for three consecutive years and who are asked to surrender their

Fiscal Year 1991 Exam Candidates	NOV 1991	MAY 1991	NOV 1990
Number of certificates granted	9	4	3
Number of certificates withheld pending completion of experience requirements	1,616	1,202	1,239
Total successful candidates*	1,625	1,206	1,242
Total unsuccessful candidates	5,341	6,447	6,833
Total candidates writing the examination	6,966	7,653	8,075

* Includes candidates who received credit for passing all subjects needed to be eligible for certification. These candidates may have passed two or more parts of the examination previously.

TABLE 6

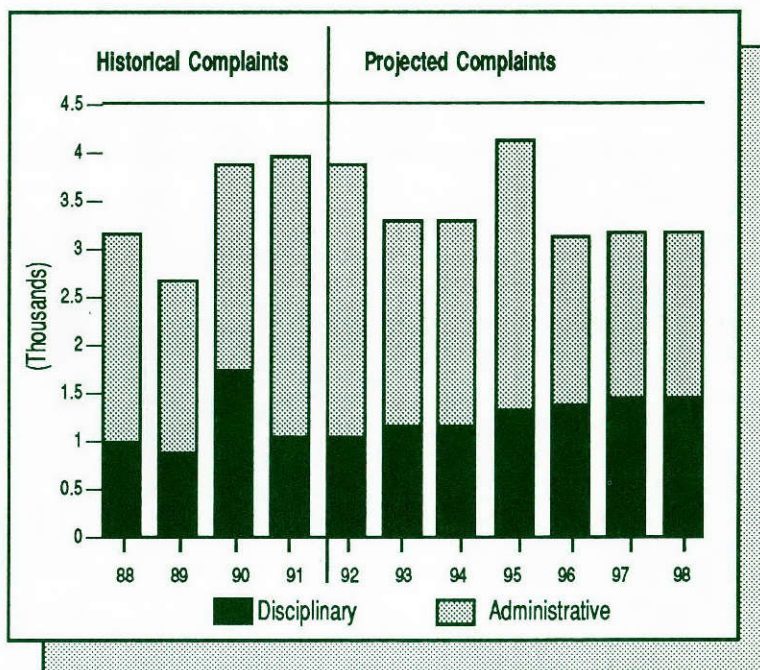


TABLE 7

CPA certificates. These complaints, by sheer volume, are a tremendous workload.

Disciplinary complaints are fewer in number, but are far greater in complexity. These cases generally require moderate to extensive research, and proceed to informal conferences; they eventually may go to formal hearings.

Legislative directives, court decisions, market conditions, Board emphasis, and the number of licensed practitioners in the state are all factors which have influenced the rate at which these numbers have increased. Although causing the rate to be somewhat erratic, these variables will continue to exist, and an overall increase in the receipt of complaints at a commensurate rate can be expected.

Disciplinary complaints are expected to increase at a steady rate of approximately 2% through 1998.

Administrative complaints, in contrast, will increase sporadically based on several factors. For example, in 1992, continuing education complaints are expected to number 1,600, up significantly from the average of 500. The increase can be attributed to the new CE requirement for CPAs who are not in public practice. The impact is expected to mirror the result in 1985 when CPAs in public practice were first required to obtain CE. In 1993, CE complaints should return to normal and decrease slightly thereafter.

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From the Chairman



I have been asked to remind licensees of the duties and responsibilities of the Board.

The Texas State Board of Public Accountancy is composed of fifteen members. At the time those members are sworn in, they must take an oath to uphold the laws of the State of Texas, including *The Public Accountancy Act of 1991*. From time to time, CPAs disagree with mandates of this law and ask the Board to change or ignore it. The Board has no authority to do so, even when disagreeing with *The Act*. Consequently, Board members must often enforce a position with which they personally disagree because the law requires such action.

The Board is obligated to enforce *The Act* and *The Rules of Professional Conduct*. Elsewhere in this newsletter are the names of licensees who were found to have violated one or both of these. As you will note from reading the summary of each action, the most common solution to a violation is remedial, not punitive, action. That has been, and will continue to be, the Board's preferred approach. From my years of service on the Technical Standards Review Committee, I believe there are two main reasons for these violations. First, licensees take on work in areas where they have no training or competence. This is particularly true in the governmental auditing area. Secondly, licensees do not keep current. Any licensees who do not have current training in the areas where they practice are doomed to become obsolete within just a few years.

Each year the Board sends a license notice and/or a "tax" notice to some 55,000 licensees (*The 1991 Act* changed the license from an annual to a biennial cycle, but the \$200 tax is collected annually). This tax has been criticized by a number of licensees, but the Board has no authority to waive collection, since the tax was mandated by the Legislature.

In Memoriam

Past Board chairman Don M. Lyda, CPA, died March 15, 1992. Appointed to the Board in 1976 by Governor Dolph Briscoe, he served until 1981, the last three of those years as chairman. It was during this time that the Board underwent its first review by the Sunset Advisory Commission, resulting in the passage of the *Public Accountancy Act of 1979* which significantly changed the regulations governing the practice of public accounting in Texas.

Under Lyda's leadership, the Board implemented a number of modifications to Board operations and policies, including the establishment of a committee structure, enhancement of the enforcement effort, and a major revision to the *Rules of Professional Conduct*.

Lyda graduated with honors from the University of Texas at Austin, where he was a member of the national honorary accounting fraternity Beta Alpha Psi and the national business scholastic fraternity Beta Gamma Sigma. He earned his CPA certificate in 1951, and practiced public accounting until his retirement in 1981.

Active on many levels in professional accounting organizations, Lyda served on numerous committees and boards of the Texas Society of CPAs, of which he was vice-president during 1970-71. He received the TSCPA Distinguished Public Service Award in 1979, and in 1986 the TSCPA presented him with an award for Meritorious Service to the Public Accounting Profession in Texas. He was president of the TSCPA's Austin Chapter during 1966-67; in 1974 the chapter named him CPA of the Year. In 1979 he was elected as one of three directors-at-large of the National Association of State Boards of Accountancy.

In addition to practicing public accounting, Lyda was active in cattle ranching and in numerous civic activities.

An accounting scholarship established in Lyda's memory will be administered through the Texas Society of CPAs' Educational Foundation. Contributions may be sent to: The Don M. Lyda Memorial Scholarship, c/o Educational Foundation, Texas Society of CPAs, 1421 W. Mockingbird Lane, Dallas, Texas 75247. □



Frank W. Hukill III, 44, CPA of Dallas, died February 15, 1992. He was proctor-in-charge of the Fort Worth examination site since the November, 1978, exam, a position in which he continued to serve through November, 1991, amounting to 27 examinations over 81 days.

At its March 5, 1992, meeting, the Board unanimously passed a resolution posthumously honoring Hukill for the thirteen years of service he gave to the Board. The knowledge, dedication, and integrity with which he performed his duties will be missed. □

One of the Board's primary functions is to administer the CPA examination. Two points are worth noting: (1) passage of *The 1991 Act* significantly changed the regulations on qualifying credits, and (2) in 1994 the entire format of the Uniform CPA Examination will change.

We have started our quality review program. More information will be provided at a later date.

On a different note, I would be remiss if I did not take a moment to thank William R. Cox for his tremendous job as Board chairman in 1991. Bill has a long history of service to the profession. Thank you, Bill, for a job well done.

Ronnie Rudd, CPA
Chairman □

ENFORCEMENT ACTIONS

Complaint No.: 88-12-01L

Complaint No.: 90-11-11L

Respondent: David Bohm

Date of Board Ratification: 11/15/91

Disposition: The respondent's certificate was suspended for three years and he was assessed administrative costs of \$1,800 based on his violations of Section 21(c)(5) of *The Public Accountancy Act of 1979, as amended (The Act)* in that he was convicted in a California state court of felony offenses of rape by foreign object and attempted kidnapping. It was previously published in the *Texas State Board Report* that the respondent surrendered his certificate; however, he subsequently withdrew the surrender.

Complaint No.: 88-10-05L

Respondent: Gary J. Bonds

Date of Board Ratification: 1/16/92

Disposition: The respondent agreed to a five-year suspension of his license, probated subject to the following conditions: (1) that the respondent comply with the provisions of *The Act* and *The Rules of Professional Conduct (The Rules)*; (2) that he be prohibited from performing the attest function on audits, compilations, and reviews prior to obtaining a peer review which, in the opinion of the Board, provides adequate assurance that the respondent is competent to perform audits, compilations, and reviews; (3) that the respondent pay \$167 monthly to the Board for eighteen consecutive months; and (4) that the respondent take forty hours of continuing professional education, including 24 hours relating to audits of financial institutions, each year during the term of his probation.

The complaint was based on the respondent's violations of Sections 21(c)(4) and 21(c)(11) of *The Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), and 501.23 (Accounting Principles) of *The Rules* in that he failed to perform audits on two clients in accordance with GAAS.

Complaint No.: 91-07-06L

Respondent: Richard Breedlove

Complaint No.: 91-07-09L

Respondent: Breedlove, Yovanovic & Company, P.C.

Date of Board Ratification: 1/16/92

Disposition: The respondents agreed to a

reprimand based on violations of Section 21(c)(4) of *The Act* and Section 501.44 (Soliciting) of *The Rules*, in that they mailed over 125 uninvited letters of solicitation to municipal utility districts listing the firm's qualifications to audit those water districts.

Complaint No.: 91-08-23L

Respondent: Martin S. Elfant

Date of Board Ratification: 1/16/92

Disposition: The respondent agreed to a voluntary revocation of his certificate, which shall be published, and to return his certificate to the Board. The complaint was based on violations of Sections 21(c)(2), 21(c)(4), and 21(c)(11) of *The Act* and Section 501.41 (Discreditable Acts) of *The Rules* for creating a fictitious letter on State Board of Insurance stationery.

Complaint No.: 91-02-05L

Respondent: Carl Howard

Date of Board Ratification: 1/16/92

Disposition: The respondent agreed to a five-year suspension of his license, probated subject to the following conditions: (1) future compliance with all provisions of *The Act* and *Rules*; (2) compliance with the terms of the agreement of repayment to his former client, default of which will result in automatic and immediate revocation of his license and certificate; (3) payment of \$500 in administrative costs in the month immediately following the final payment of the repayment agreement; and (4) providing the Board with a monthly statement reporting the payments made and the remaining balance.

The complaint was based on the respondent's violations of Sections 21(c)(2), 21(c)(4), and 21(c)(11) of *The Act* and Section 501.41 (Discreditable Acts) of *The Rules* in that the respondent: (1) diverted funds in excess of \$8,508.60 from the client's account; (2) wrote checks to himself and forged authorized signatures; and (3) attempted to conceal the diverted funds by making false entries in the register.

Complaint No.: 88-11-10L

Complaint No.: 88-11-12L

Respondent: Carl N. McMahan

Date of Board Ratification: 11/15/91

Disposition: The respondent's certificate was revoked with the stipulation that any future application for reinstatement be de-

nied. In addition, he was assessed administrative costs of \$1,800.

The complaint was based on the respondent's violations of Sections 21(c)(4) and 21(c)(10) of *The Act* and Sections 501.32 (Records), 501.41 (Discreditable Acts), and 501.48 (Responses) of *The Rules* in that while acting as the complainant's CPA, he suggested investments in an operation that the respondent owned and operated; further, the respondent failed to return capital as set forth in the agreement. In addition, the respondent failed to make monthly disbursements and to complete an engagement to prepare a federal income tax return, failed to return client records, failed to respond to Board communications in six instances, and failed to notify the Board of changes of address.

Complaint No.: 91-11-14R

Respondent: Jack Milner

Date of Board Ratification: 1/16/92

Disposition: The respondent's request for reinstatement was approved. The respondent's certificate was revoked on August 26, 1988, for failure to respond to Board communications in violation of Section 501.48 (Responses) of *The Rules*.

Complaint No.: 91-02-32L

Respondent: Edward O'Donnell

Date of Board Ratification: 1/16/92

Disposition: The respondent agreed to a reprimand and a prohibition on engagements involving attest functions, including audits, compilations and reviews, based on 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* for failing to properly prepare the audit of a county water control and improvement district in accordance with industry standards.

Complaint No.: 90-12-14L

Respondent: Michael Parmet

Date of Board Ratification: 1/16/92

Disposition: The respondent agreed to a reprimand based on his violations of Section 21(c)(4) of *The Act* and Sections 501.41 (Discreditable Acts) and 501.42 (Acting through Others) of *The Rules* in that a client's signature was forged by an individual in the respondent's firm.

Complaint No.: 88-09-11L

Complaint No.: 88-12-012L

Respondent: Pete Petrillo

Date of Board Ratification: 11/15/91

Disposition: The respondent's request for rehearing was denied; further, his certificate was revoked and he was assessed administrative costs of \$1,800 for his violations of Section 21(c)(4) of *The Act* and Sections 501.21 (Competence), 501.32 (Records), and 501.48 (Responses) of *The Rules*. The complaint was based on the respondent's failure to complete corporate and personal tax returns on behalf of his clients, failure to return records, failure to respond to Board communications on eight occasions, and failure to notify the Board of multiple changes of address.

Complaint No.: 90-05-20L

Respondent: Arnold Shaver

Date of Board Ratification: 1/16/92

Disposition: The respondent agreed to a reprimand and assessment of \$500 in administrative costs based on violations of Sections 6(b), 8, 21(c)(3), and 21(c)(4) of *The Act*, and Sections 501.43 (Advertising) and 501.44 (Soliciting) of *The Rules* in that he sent an uninvited, personalized letter of solicitation and offered specialized services to small businesses at a time his license was cancelled.

Complaint No.: 89-01-09L

Respondent: Peter Thomas

Date of Board Ratification: 1/16/92

Disposition: The respondent's certificate was revoked and he was assessed administrative costs of \$2,564.75 based on violations of Sections 21(c)(2), 21(c)(4), 21(c)(5), and 21(c)(6) of *The Act* and Sections 501.21 (Competence), 501.22 (Auditing Standards), 501.23 (Accounting Principles), 501.24 (Other Professional Standards), and 501.48 (Responses) of *The Rules* for issuing audited financial statements which failed to comply with GAAP and GAAS.

Complaint No.: 91-02-05L

Respondent: Unnamed

Date of Board Ratification: 1/16/92

Disposition: In lieu of further disciplinary action, the respondent surrendered his certificate.

LATE PAY ACTIONS

Respondents: See below.

Date of Board Ratification: 11/15/91

Disposition: The following respondents were issued reprimands based on their failure to respond to the notice of hearing, inadequate response to the notice of hearing, or inability to rebut evidence of involvement in the practice of public accounting

License renewal cycle completed

The renewal cycle for the 1992 and 1992-93 licenses has been successfully completed with the processing of 34,840 applications for CPAs, public accountants, and firms. Although the majority of applications were correctly filled out, a number of problems occurred with enough regularity to be of concern. The following matters are brought to licensees' attention in order to avoid these problems in the future.

A number of licensees addressed their envelopes and made their fees payable to the Texas Society of CPAs rather than the Texas State Board of Public Accountancy. The Board is the legislatively-mandated entity which issues licenses and regulates the practice of public accounting in Texas.

State law prohibits the Board from accepting a post-dated check. Likewise, it cannot process a check in an incorrect amount. Quite a few individuals protested the legislative increase in the license fee by deducting either the amount for the scholarship fund or the \$200 professional fee. The payment of the entire license fee is mandatory if one wishes to obtain a license to practice public accounting in the state; furthermore, the Board is statutorily prohibited from waiving any fee or penalty.

It would be helpful in the future if the certificate or practice unit number was referenced on each check and each piece of correspondence.

Many problems which could have been corrected in time to meet the December 31, 1991, deadline were delayed because of applications received by the Board at the last minute. The Board strongly encourages each licensee to submit his or her paperwork early so that anything requiring correction or further attention can be mailed to the licensee, corrected, and returned to the Board by the deadline.

In addition, the Board's telephone lines were jammed by last-minute calls from licensees with questions on reporting their continuing education hours. Even if adequate telephone lines had been available, it would still have been extremely difficult, if not impossible, for the current CE staff of three to have handled the thousands of calls of this nature which were received during this renewal cycle. □

during the period in 1991 in which their licenses were delinquent:

Able, Roy T.; A. Dean Lavergne; Andrews, Keith A.; Brawner, Edward T.; Burcham, Marion H. Jr.; Burghart, Jay A.; Chain, Thomas S.; Foss & Rabe; Greehey, William; Hakala, Donald R.; Heers, Margaret L.; Holt, Joe W.; Hoover, Danita K.; Lavergne, A. Dean; Lubin, Mark Milton; Ranklin, Gwendolyn E.; McWilliams, Lindsay V.; Meyer, Cynthia L.; Mistry, Dinyar B.; Mound, Richard M.; Penler, Paul A.; Petrics, Ronald C.; Sealey, Constance W.; Shouse, Alan B.; Smith, William H.; Sweeney, Anita M.; Talbot, Richard E. Jr.; Thompson, Stephen D.; Vhora, Usmangani I.; Walsh, Mark J. Jr.

CONTINUING EDUCATION ACTIONS

Respondents: See below.

Date of Board Ratification: 11/15/91

Disposition: The certificates of the following respondents were suspended for five years or until they come into compliance with the mandatory continuing education

requirements:

Blackwell, James Don; Briggs, Michael David; Canup, Quay Embrey; Doty, Robert Dupre Jr.; Gaines, James Coulter; Goss, William Edmond; Harrison, Donna Kay; Ihrig, John Russell; McKinney, Frank W.; Noble, George P.; Row, Don L.; Spencer, Jerry John; Wilkinson, John Charles.

Policy statement on publication of disciplinary and administrative actions

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

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

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Complaints for three-year non-payment fees are expected to increase in 1995 by at least 1,000 over the annual average, as that will be the end of the first three-year cycle following the implementation of a \$200 professional fee by the Texas Legislature. As of January, 1992, the number of non-payments have increased significantly, verifying this trend.

Table 7 shows the historical pattern for complaints since 1988 and anticipated increases between 1992 and 1998.

From September, 1990, through August, 1991, the Board opened 3,276 complaints against licensees and individuals

who were practicing public accounting without licenses (Section 8 violations).

During this same period, the Board closed 2,453 complaints; their disposition is presented in Table 8. The average time to close a disciplinary complaint was 9.68 months (down from eleven months in 1990). The average time to close an administrative case was 2.12 months (down from 2.6 months in 1990). When these two categories of complaints are totaled, the overall average time to close a complaint during fiscal year 1991 was 4.25 months.

The complaints closed in fiscal year 1991 contain alleged and actual violations. Many complaints contained more than one violation of the *Rules of Professional Conduct* and *The Act*.

New Board Officers

Governor Ann Richards on January 7, 1992, named Ronnie Rudd, CPA of Houston, as Board chairman in accordance with a new provision in *The Public Accountancy Act*. Previously, the chairman was elected by the Board membership.

Rudd, appointed to the Board in 1989, was its 1991 vice-chairman. He has been chairman of the Technical Standards Review and the Long-range Planning Committees, and has also served on a number of other Board committees. Rudd is an accounting and audit practice partner with Arthur Andersen's Houston office and is former president of the Texas Society of CPAs.

At its January 16, 1992, meeting, the Board elected other officers for one-year terms beginning February 1, 1992, who, along with the chairman, will comprise the Executive Committee. They are I. Lee Wilson, CPA of Dallas, vice-chairman; Judy J. Lee of Houston, secretary; and Leopoldo P. Botello Jr., CPA of San Antonio, treasurer. Also elected to serve on the Executive Committee were the Board's immediate past chairman William R. Cox, CPA of Houston, and Vernon D. Evans, CPA of Arlington.

DISPOSITION	COMPLAINTS CLOSED
Dismissed	522
Admonishment	196
Reprimand	46
Limitation on scope of practice	20
Suspension	10
Revocation	1522
Reinstatement denied	1
Surrendered	47
Exam denied	4
Exam approved	1
File closed for other reasons (death, inability to locate parties, etc.)	16
Section 8 complaints closed based upon voluntary compliance	68
Total	2,453

TABLE 8



BULK RATE
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