

TEXAS STATE BOARD REPORT



FEBRUARY, 1986

AUSTIN, TEXAS

VOL. 23

CONSTRUCTIVE ENFORCEMENT—EXPANDED PROGRAM

From the Chairman . . .

The Board has been aware for some time that an expanded enforcement program is required if it is to promptly investigate and act on the increasing volume of complaints concerning both licensees and non-licensees. The Board is also aware that it is committed to upholding the spirit and intent of its "constructive" approach to enforcement—that being to respond to complaints in a manner which is primarily remedial in approach, and punitive only to the extent required by the public interest.

In an effort to meet this need for expanded enforcement action, within the framework of limitations imposed by the legislature on funds and staff, the Board has adopted, in concept, a plan of action to utilize appointed licensees from across the state who will work with the Board in specified enforcement areas. The use of licensees in this endeavor is in keeping with the philosophy of most recognized professions—that a profession should assume and continue to practice self-regulation.

The program is outlined in considerable detail on page 2, but I would like to briefly highlight several aspects of the program which I consider to be especially beneficial both to licensees and to the public:

- Implementation of the program will enable the Board to respond to requests for informal opinions, a practice which was curtailed due to lack of enough enforcement specialists on the staff to meet the demand for both opinions and enforcement action.
- A larger volume of complaints and other types of enforcement actions can be handled in a shorter period of time.
- Licensees appointed to assist in the program will be geographically located around the state, insuring more convenient access to locales of investigation and concern.
- Rules of Professional Conduct in a number of current high-interest areas will be included in the program. Examples of those to be included are rules relating to commissions, contingent fees, competence, professional auditing standards and accounting principles, forecasts, records, acting through others, advertising, soliciting, competitive bidding, forms of practice, firm names, responses.

- Implementation of the program will in no way delegate decision-making authority from the Board to program appointees, but it will enable, through opinion and complaint manuals being developed, quick response on those questions or complaints which have already been addressed by the Board and on which there is a policy currently in effect.
- Compliance or non-compliance with Board suspensions, and similar actions, can more easily be monitored because of the proximity of appointees to various cities throughout the state. At the present time, adequate follow-up is very difficult due to the limited funding for investigation and travel, as well as the limited number of Enforcement staff.

One measure of the effectiveness of the program will be its continuance—or its abolition—following a complete review in three years. The Board anticipates that it can begin training appointees in early summer of this year, with referral of complaints and opinion requests to appropriate persons by early August, 1986. The Board has established a 1989 date for review of the effectiveness of the program, with a decision to be made at that time as to its merits and/or weaknesses.

You will be reading more about the program in future issues of the **Board Report**, to include a firm date when services such as responding to requests for informal opinions can again be offered. The Board will appreciate your support and patience in the developmental stages of this important program.

Frank T. Rea, CPA
Chairman

PUBLIC HEARINGS

See pages 3 and 5 for public hearing notices re new substantive rules or amendments to substantive rules.

EXPANDED CONSTRUCTIVE ENFORCEMENT PROGRAM—A SUMMARY

Enforcement Advisory Committee—to be appointed.
 Enforcement Committee—current Board committee.
 Technical Standards Review Committee—current Board committee.
 Enforcement Section—staff support section.

In an effort to more promptly process complaints and to respond to requests for opinions, the Board has adopted, in concept, an expanded Constructive Enforcement Program. The following is a summary of basic elements of the program:

Enforcement Advisory Committee

The program will incorporate the assistance of an Enforcement Advisory Committee, composed of volunteer members appointed by the Board Chairman. Committee members will be selected on a geographical basis, and one appointee in each major geographical area will be named by the Board Chairman to serve as a liaison between the area's **Enforcement Advisory Committee** and the Board.

Committee Charge

The charge to the **Enforcement Advisory Committee** will include the following:

- To investigate complaints forwarded to it from the Technical Standards Review or the Enforcement Committee.
- To prepare recommendations for return to the appropriate Board committee.
- To contact the Board when violations of the Act or Board rules are observed.
- Under guidelines provided, to communicate Board opinions to the public.
- To research and investigate requests for opinions forwarded from the Technical Standards Review Committee or the Enforcement Committee, and to prepare a recommended response.

Training

Training sessions for appointees will be conducted annually, and more frequently if appropriate, by members of the Board's staff and/or members of the Board. Topics to be covered will include opinions, due process, investigations/hearings, and procedures. Training may utilize video cassette equipment if sufficient funding exists.

Reference Material—Opinion Manual

All current Board opinions will be identified and incorporated into an Opinion Manual for use as a reference. As new opinions are adopted by the Board, they will be included in the manual.

Reference Material—Complaint Manual

A Complaint Manual will be prepared as a reference. The manual will outline procedures used in processing those complaints identified by the Board as appropriate for investigation by the **Enforcement Advisory Committee**.

Opinion Request Procedures

Requests for opinions may originate from the **Enforcement Advisory Committee**, other licensees, or the general public. All requests will be forwarded to the

Enforcement Division of the Board and will be processed as follows:

- Identified as pertaining to the Act, a specific substantive rule, and/or as an opinion already covered in the Opinion Manual.
- After identification, and if not covered in the Opinion Manual, referred to the Enforcement Committee.
- If appropriate, referred by the Enforcement Committee to the **Enforcement Advisory Committee** for review, investigation, and for preparation of a recommended response. The **Enforcement Advisory Committee** will research the request, draft a recommendation, and forward the recommendation to the Enforcement Committee for review. The committee's recommendation will be forwarded to the Board, where final approval will rest. Following a Board decision, the enforcement Section will forward a response to the requestor, and the new opinion will be added to the Opinion Manual.

The Board staff or the **Enforcement Advisory Committee** may communicate a current opinion as it is stated in the Opinion Manual by forwarding an "informal opinion letter" to the requestor. Ratification action on the informal opinion letter will be scheduled for the next Board meeting. Any informal opinion will clearly indicate that it is not binding on the Board.

Complaint Procedures

All complaint action will originate in the Enforcement Section of the Board, where the complaint will be assigned

Continued on page 3

Constructive Enforcement Policy

- The public interest shall always be the controlling consideration.
- The program shall be primarily remedial in approach, but punitive to the extent required by the public interest.
- The Board shall receive, investigate, evaluate, and act appropriately on all alleged or suspected violations coming to the Board's attention from any source.
- The Board shall respect the due-process rights of all persons.
- The program shall be informational and educational, including issuance of advance, informal rulings and advice when appropriate in the judgement of the Board.
- The program shall include regular publication in the **Texas State Board Report** of information on enforcement activities of the Board, including summary reports of disciplinary hearings.
- The program shall be administered with promptness and dispatched through use of informal conferences and hearing panels, in addition to other expeditious procedures as appropriate.
- The Board's conclusions shall always be arrived at in a manner to permit the conclusions to prevail in the event of appeal under the Substantial Evidence Rule.

a number and processed according to the Board's in-place system. If the complaint is not resolved through initial correspondence between the Enforcement Division and the licensee, the staff will refer the complaint to either the Technical Standards Review Committee or the Enforcement Committee. Following Board action on the recommendation by the appropriate committee, the Enforcement Section will close the file, complete directed staff action, schedule the case for a hearing or an informal conference, or develop evidence and other material and forward with appropriate instructions to the **Enforcement Advisory Committee**.

Following investigation, the material/recommendations will be returned by the **Enforcement Advisory Committee** to the Enforcement Section for review at the next meeting of the appropriate committee.

Implementation Dates

- Development of Complaint and Opinion Manuals—in progress.
- Board ratification of manuals—April, 1986.
- Appointment of members to **Enforcement Advisory Committee**—May, 1986.
- Training of appointees—early June, 1986.
- Referral of complaints/opinion requests to **Enforcement Advisory Committee**—August, 1986.

Capsule

- An **Enforcement Advisory Committee** will be appointed from among licensee volunteers and within designated geographical areas.
- Opinion requests and certain complaints may be referred to the **Enforcement Advisory Committee** for investigation and recommendations.
- The **Enforcement Advisory Committee** will investigate and prepare recommendations, and will forward same to the Enforcement Section.
- The Enforcement Section will refer the **Enforcement Advisory Committee** recommendations to either the Enforcement Committee or the Technical Standards Review Committee, which will present recommendations to the full Board.
- The full Board will approve/ratify recommendations. All final decisions regarding opinions and complaints will be made by the full Board.

PUBLIC HEARING

The Board will hear testimony from interested parties re substantive rules implementing the expanded enforcement program (to be published in the Texas Register) at 10:00 a.m., Friday, April 4, 1986, in the Board offices. Persons planning to testify should provide copies of comments to the Board office at least two days prior to the hearing. Oral comments will be heard and written comments of individuals not attending will be read into the record if so requested.

BOARD TO AUDIT CE SPONSORS

In the near future, the Board will begin auditing selected registered sponsors of CE courses. More information on this in the next **Board Report**.

MAY, 1986 EXAM SCHEDULE

The May, 1986, Uniform CPA Examination will be conducted as follows:

Examination Sites

Austin	Lester E. Palmer Auditorium Board Office (handicapped—by special arrangement)
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

May 7	1:30 p.m. - 6:00 p.m. Accounting Practice, Part I
May 8	8:30 a.m. - 12:00 Noon Auditing 1:30 p.m. - 6:00 p.m. Accounting Practice, Part II
May 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 May, 1986, examination is February 28, 1986. Grades from the November, 1985, examination were released February 3, 1986.

BOARD HISTORY

Copies of the **History of the Texas State Board of Public Accountancy** will be mailed, with invoices, in early March. Orders and reorders of the 8X10, illustrated volume may be made by contacting the Board office.

1986 – MEETINGS

PUBLIC HEARING—9:00 a.m., March 7 (see pg. 5)
10:00 a.m., April 4 (see pg. 3)

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
1033 La Posada, Suite 340, Austin, Texas

February 20-21	September 18-19
April 24-25	October 23-24
May 16-17	November 21-22
*July 31—August 1	

* date changes since last **BORAD REPORT COMMITTEES**

At the call of the committee chairman - usually several weeks prior to a scheduled Board meeting. Open meeting notices are published in the TEXAS REGISTER.

CPA SWEARING-IN CEREMONY

Erwin Special Events Center, Austin, Texas
May 17 November 22,

UPDATE TO CE SPONSOR LIST . . . registered since November, 1985

Accountant Computer Planning Alliance, Minneapolis, MN	01990	Laurie Smolims Kaye, San Antonio, TX	01967
Accounting Group International, Sherman Oaks, CA	02077	Laventhol & Horwath, New York, NY	02024
Amer. Accounting Association, Sarasota, FL	02068	Learn-PC Video Systems, Minneapolis, MN	02083
Amer. Assoc. Advertising Agencies, New York, NY	02041	LIFO Systems Inc., Bedford, TX	01966
American Payroll Association, Houston, TX	02078	Lin & Wang, CPA, Houston, TX	02014
Arthur Young & Co., Oklahoma City, OK	02019	Louisiana CPA Group, Baton Rouge, LA	02006
Association of Accounting Administrators, Washington, DC	02021	Lowrey & Company, San Antonio, TX	02082
Audit Resources, Fort Worth, TX	02007	MAI Basic Four, Inc., Tustin, CA	02055
Automotive Management Group, Inc., Shawnee Mission, KS	01975	McGraw Hill/CYMA, Austin, TX	02034
Becker CPA Review Course, Dallas, TX	02048	Memphis State University, Memphis, TN	02067
Benefit Consultants, Inc., Austin, TX	02043	MICA, Port Arthur, TX	01983
Benjamin Franklin Savings, Houston, TX	02042	Michael A. Hitt, College Station, TX	02017
Berry, Dunn, McNeil & Parker, Portland, ME	02037	Microseminar, Houston, TX	01982
Binyon, Payne & Tippin, El Paso, TX	02057	Mitchell & Tinsley, P.C., CPAs, Houston, TX	02022
Breidenthal & Reynolds, P.C., Huntsville, TX	02054	Montgomery, Birdwell & Co., P.C., Graham, TX	01974
Brewer Consulting Group, Lewisville, TX	02032	Moses Norris & Associates, Dallas, TX	02028
Burlington Northern, Inc., Seattle, WA	02009	Moses, Norris & Associates, Dallas, TX	01984
Business Information Guild, Houston, TX	02070	National Assoc. State Bds. Accountancy, New York, NY	02046
Businessland Houston-Galleria, Houston, TX	02079	Ohlenbusch Financial Services, San Antonio, TX	02063
C.H. Love & Co. Training Center, Inc., Abilene, TX	02064	Oil & Gas Information Systems, Inc., Fort Worth, TX	02061
Calif. State Univ.-Long Beach, Long Beach, CA	01989	Open Systems, Inc., Eden Prairie, MN	01999
Canned Program Automation, Houston, TX	02005	Organization Management Inc., Fairfax, VA	01977
Central Texas College, Killeen, TX	02038	Pace Univ., New York, NY	01993
Cigna Healthplan, Inc., Plano, TX	02075	Pannell Kerr Forster, Houston, TX	01972
Colorado School Mines, Golden, CO	02076	Partners in Progress, Houston, TX	01980
Dallas Society of the *ICFP, Dallas, TX	02015	Petroleum Accountants Society-Panhandle, Amarillo, TX	02081
Dean Witter Reynolds, Inc., Lubbock, TX	02010	Petroleum Accountings Society-Coastal, Corpus Christi, TX	02085
Dennis Ward and Associates, Palestine, TX	01968	Qualitech Computer Centers, Inc., Lenexa, KS	02004
Diamond Shamrock Corporate Company, Dallas, TX	01964	Ranger Insurance Company, Houston, TX	01985
Dickinson School of Law, Carlisle, PA	01978	Ray C. Geistweidt, CPA, Fredericksburg, TX	02059
Dullock & Company, Waco, TX	02045	Republic Bank Waco, Waco, TX	02039
Durflinger & Company, Inc., San Antonio, TX	02053	Richard H. Barrett, III, CPA, Tyler, TX	02049
Edison Electric Institute, Washington, DC	02074	Richard L. Memmer & Co., P.C., Duncanville, TX	02050
Edward Scott Partridge, CPA, Corpus Christi, TX	01970	Rotan Mosle, Houston, TX	02001
Einstein Human Resource Institute, Inc., New York, NY	01994	Senero Corporation, Phoenix, AZ	02072
Elbert F. Pipes, CPA, Franklin, TX	02008	Simpson & Unsworth, Fort Worth, TX	01979
Elms, Farris & Company, Odessa, TX	02066	Smoak Davis & Nixon, CPA, Jacksonville, FL	02018
Entre Computer Center, Houston, TX	02033	Stanford Univ. Grad. School Business, Stanford, CA	02062
Fiedelman and Associates, P.C., Dallas, TX	01992	State Human Services Finance Officers, Austin, TX	02058
Fillmore, Neal & Company, Irving, TX	02073	Strasburger & Price, Dallas, TX	02065
Financial Group, Dallas, TX	01991	Support Center-Houston, Houston, TX	02035
Financial Strategies Group, Dallas, TX	02016	Tannery & Company, Dallas, TX	02040
Frank Taggart & Company, P.C., Longview, TX	02052	Tax Section/State Bar of Texas, Houston, TX	02023
Franks Branum & Company, Houston, TX	02003	Tenforty Software Corporation, New Hyde Park, NY	01997
Gary A. Hotchkiss, CPA, Irving, TX	02047	Tennessee Federal Tax Institute, Johnson City, TN	02012
Gendein/Integrated Financial, Oklahoma City, OK	02027	Texarkana National Bank, Texarkana, TX	02020
H & R Block, Harlingen, TX	01986	Texas Power & Light Company, Dallas, TX	02071
Haile and Company, P.C., Hamilton, TX	01996	Texas State Agency Business Adm. Assn., Austin, TX	02013
Hill, Inzina & McGrew, Bastrop, LA	01971	Texas Tech Univ. Law School & WTBBBA, Lubbock, TX	01981
Hutton Patterson & Company, Dallas, TX	01988	Thomas P. Davis, CPA, Plano, TX	02030
IBM, Corpus Christi, TX	02029	Thrower Starr & Co. P.C., Houston, TX	02056
Income Tax School, Inc., Lake Charles, LA	02025	Total Network Solutions, Dallas, TX	02031
Int'l Newspaper Financial Executive, Washington, DC	01998	Tribolet Fuller & Assoc., P.C., Humble, TX	02084
International Newspaper Financial, Washington, DC	02026	Tschirhart, Wenzel & Oroian; CPA, San Antonio, TX	01976
J. Edward Sinclair, Jr., CPA, Longview, TX	02060	Ultra Productions of Texas, Inc., Austin, TX	02011
J. Garza & Associates, Dallas, TX	02069	United Carolina Bank, Charlotte, NC	01969
Jennifer Myers Flenniken, CPA, Kerrville, TX	02051	Univ. Texas Tyler/CE, Tyler, TX	02080
Joe A. Mintz, Dallas, TX	02002	Walter J. McCoy Ph.D. JD Associates, Houston, TX	01995
Johnson Miller & Co., Midland, TX	01987	Weatherford College, Weatherford, TX	02044
Kimes & Johnston, Austin, TX	02000	Whittington & Cummins, P.C., Corpus Christi, TX	01965
		William A. Barden, Jr., P.C., Plano, TX	02036
		Williams, Cunningham & Company, Waco, TX	01973

SUBSTANTIVE RULES

PUBLIC HEARING

A Public Hearing will be held at 9:00 a.m. on March 7, 1986, at the Board's Austin office to hear testimony from interested parties on those rules preceded by an asterisk(*). Persons planning to testify at the hearing should provide copies of comments to the Board office at least two days prior to the hearing. Oral comments will be heard and written comments of individuals not attending will be read into the record if so requested.

INITIAL ADOPTION—January Board meeting

511.122(a), Acceptable Experience—changed hours considered as equivalent to one year from 1800 hours to 2080 hours. Amended rule [sub-paragraph (a)] will read: A NORMAL WORK YEAR IS DEFINED AS 2,080 HOURS. PART-TIME EMPLOYMENT SHOULD QUALIFY IF IT IS AT LEAST 20 HOURS PER WEEK AND AT LEAST THREE DAYS PER WEEK. PART-TIME EXPERIENCE THAT FALLS BELOW THE FOREGOING CRITERION SHALL NOT BE REGARDED AS ACCEPTABLE.

***511.55, Qualifications under Current Act**—Proposed amended rule (dashed through portions to be deleted, and capitalized/underlined portions to be added):

A person AN APPLICANT must meet one of the following education and experience requirements in order to qualify for the examination under the Public Accountancy Act of 1979:

(1) If an applicant holds FROM AN ACCREDITED COLLEGE OR UNIVERSITY RECOGNIZED BY THE BOARD a master's degree with a major in accounting, or business administration, or the equivalent, or a five-year professional degree in accounting, or an LLB degree, or the JD degree, and has ~~also~~ completed at least 50 semester hours in the study of accounting and related business subjects, with at least 30 of the 50 hours in accounting, AND WITH AT LEAST 20 OF THE 30 HOURS IN ACCOUNTING CORE SUBJECTS AS IDENTIFIED IN SECTION 511.57(1) OF THESE RULES, ~~he or she~~ THE APPLICANT will be eligible to apply for the entire examination. However, one year of qualifying experience is required before a certificate will be issued.

(2) If an applicant holds FROM AN ACCREDITED COLLEGE OR UNIVERSITY RECOGNIZED BY THE BOARD a baccalaureat degree (the BBA degree, for example) or its equivalent, and has ~~also~~ completed at least 50 semester hours in the study of accounting and related business subjects, with at least 30 of the 50 hours in accounting AND WITH AT LEAST 20 OF THE 30 HOURS IN ACCOUNTING CORE SUBJECTS AS IDENTIFIED IN SECTION 511.57(1) OF THESE RULES, ~~he or she~~ THE APPLICANT will be eligible to apply for the entire examination. However, two years of qualifying experience are required before a certificate will be issued.

(3) If ~~a person~~ AN APPLICANT has acquired credit FROM AN ACCREDITED COLLEGE OR UNIVERISTY RECOGNIZED BY THE BOARD for at least 60 semester hours with a least 20 of the hours in accounting CORE SUBJECTS AS IDENTIFIED IN SECTION 511.57(1) OF THESE RULES, ~~in a recognized college,~~ he or she AN APPLICANT will be eligible to apply for the entire

examination. However, six years of qualifying experience ~~under the supervision of a certified public accountant (not necessarily one in public practice)~~ are required before the certificate will be issued.

AS USED IN THIS RULE, "QUALIFYING EXPERIENCE" MEANS ACCEPTABLE EXPERIENCE DESCRIBED IN SUBSTANTIVE RULES 511.122 AND 511.123. THE PROVISIONS OF THIS RULE RELATING TO ACCOUNTING CORE SUBJECTS WILL BE EFFECTIVE FOR APPLICANTS INITIALLY APPLYING TO TAKE THE UNIFORM CPA EXAMINATION GIVEN IN MAY, 1987, AND THEREAFTER.

*511.57, Definition of Accounting Courses

The revised rule differentiates between accounting "core" courses and other accounting courses. The amended Rule 511.55 requires that 20 of the 30 accounting hours required be in "core" courses. The revised rule will read: The Board will accept as accounting courses all passing semester hours (without repeat) shown on official transcripts in the following subject areas:

(1) Accounting core courses: (a) elementary accounting, intermediate accounting, advanced accounting (b) cost accounting (c) auditing, internal accounting control and evaluation (d) report writing (principally writing financial reports, internal control reports, and management letters) (e) financial statement analysis (f) accounting theory (2) Other accounting courses: (a) income tax accounting (b) accounting systems, accounting consultation (c) accounting for specialized business or industries (such as governmental organization, fiduciaries, banks, etc.) (d) CPA coaching courses in auditing, practice and theory (if offered for credit) (e) any other course which is principally accounting or auditing in nature, but which may be designated by some other name (and the verification of which is obtained in writing from the particular college or university).

***511.58, Definition of Related Business Subjects.** The amended rule **deletes** "banking" and "report writing" from subjects considered to be related business subjects, and **adds** "technical writing (covering subjects such as tax opinions, tax planning reports, and management advisory services reports and management letters)." The last paragraph is also amended to read (capitalized/underlined words are added): "The Board may treat one or more of the related business subjects as an OTHER accounting course [AS IDENTIFIED IN SECTION 511.57(2)] if the accounting nature of the course is substantiated by particular college or university, in writing, as being primarily accounting."

511.21, Appication—initially adopted in January to comply with routine adoption procedures. Amendments were adopted on an emergency basis in November and were published in the November **BOARD REPORT**.

FINAL ADOPTION—January Board Meeting

511.89, Examination Sites and Board Policy on Documentation—See November **BOARD REPORT** for text.

ENFORCEMENT

Reinstatements: Charles Wadsworth Branch, James Wesley Campbell, Cheryl Jan Carlson, James E. Gallion, Jr., Daryle Lynn Grounds, James Hogg Rogers, Jr.

Disciplinary Actions:

Respondent: Jerome C. Griese

Date of Panel Report: September 10, 1985

Committee Recommendation: The Committee on Technical Standards Review found that Respondent had deposited a \$35,000 check entrusted to him by a client for the payment of additional taxes owed to the Internal Revenue Service in one of Respondent's bank accounts; Respondent's firm subsequently repaid the client. The committee recommended that Respondent's license and certificate be suspended from ratification until a period not more than three (3) months from the date of receipt of his certificate for violation of Section 501.41 (discreditable acts) and Section 501.48 (failure to respond to Board communications). The Board ratified the Proposed Consent Order on September 27, 1985.

Respondent: Unnamed by Board

Date of Committee Report: April 25/June 21, 1985

Committee Recommendation: The Enforcement Committee found that Respondent had held out to practice public accountancy in association with a nonlicensed entity, which was listed in the telephone directory incorrectly under the heading "Accountants-Public." The Respondent agreed to a private reprimand to be printed without reference to name in the **Texas State Board Report**, based upon his violation of Section 501.46 (form of practice) and Section 501.47 (firm name) of the Rules of Professional Conduct (effective as amended, December 22, 1983) and Section 8(g) of the Public Accountancy Act of 1979, as amended (V.A.T.S. Art. 41a-1, 1981). The Board ratified the Agreed Consent Order on September 27, 1985.

Respondent: Unnamed by Board

Date of Committee Report: November 15, 1985

Committee Recommendation: The Committee on Technical Standards Review found the Respondent had violated Section 501.22 when he failed to comply with professional auditing standards in failing to note a discrepancy between the cash balance total and the fund balance total; Respondent performed the audit in question without first obtaining an engagement letter. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Proposed Consent Order on September 27, 1985.

Respondent: Unnamed by Board

***Date of Committee Report:** June 21/Sept. 10, 1985

Committee Recommendation: The Enforcement Committee found that Respondent had mailed an uninvited, personally-addressed letter of solicitation to the client of another licensee in violation of Section 501.44. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Agreed Consent Order on October 25, 1985.

*The committee heard two similar cases, with identical action.

Respondent: Unnamed by Board

Date of Committee Report: September 10, 1985

Committee Recommendation: The Committee on Technical Standards Review found that Respondent had failed to complete an engagement to prepare taxpayer reports on behalf of a client in violation of Section 501.21. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Proposed Consent Order on October 25, 1985.

***Respondent:** Unnamed by Board

Date of Committee Report: October 4, 1985 (two cases)

Committee Recommendation: The Committee on Technical Standards Review found that Respondent had violated Section 501.11 when his/her firm hired an independent contractor to audit the contractor's former employer. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Proposed Consent Order on October 25, 1985.

*The committee hear two cases of similar circumstance, with the same recommendation and Board action.

Respondent: Unnamed by Board

Date of Committee Report: October 4, 1985

Committee Recommendation: The Committee on Technical Standards Review found that Respondent had violated Section 501.11 when he assisted in the audit of a firm which had employed him during the period of time covered by the audit. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Proposed Consent Order on October 25, 1985.

Respondent: Unnamed by Board

Date of Committee Report: September 10, 1985

Committee Recommendation: The Committee on Technical Standards Review found that Respondent had violated Section 501.21 of the Rules of Professional Conduct when he undertook an engagement which he could not reasonably expect to complete in a timely manner. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Proposed Consent Order on October 25, 1985.

Respondent: Unnamed by Board

Date of Committee Report: September 10, 1985

Committee Recommendation: The Enforcement Committee found that the Respondent had caused to be mailed several personally-addressed, uninvited letters of solicitation to the clients of other licensees in violation of Section 501.44. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Proposed Consent Order on November 15, 1985.

Respondent: Unnamed by Board
Date of Committee Report: August 29, 1985 (two cases) September 26, 1985 (two cases)
Committee Recommendation: The Enforcement Committee found that Respondent had caused to be mailed a personally-addressed, uninvited letter of solicitation to the client of another licensee in violation of Section 501.44. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Agreed Consent Order on November 15, 1985.
*The committee heard four cases of uninvited solicitation, with the same committee recommendation and Board action.

Respondent: Unnamed by Board
Date of Committee Report: August 29, 1985
Committee Recommendation: The Enforcement Committee found that Respondent's name, together with the designation "Certified Public Accountant" appeared on an advertisement promoting the sale of real estate in contravention of Section 501.15 of the Rules of Professional Conduct. Respondent agreed to accept a reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Agreed Consent Order on November 15, 1985.

Respondent: Unnamed by Board
Date of Committee Report: August 29, 1985
Committee Recommendation: The Enforcement Committee found that Respondent drew a gun from his desk drawer during a dispute with a client in his office in contravention of Section 501.41 of the Rules of Professional Conduct. Respondent agreed to accept a private reprimand to be printed without reference to name in the **Texas State Board Report**. The Board ratified the Agreed Consent Order on November 15, 1985.

Respondent: Unnamed by Board
Date of Committee Report: August 29, 1985
Committee Recommendation: Six other complaints resulted in Informal conference proceedings. These actions were closed by the Board on the basis of voluntary compliance.

Respondent: Thomas Robnett Cantwell
Date of Panel Report: September 10, 1985
Panel Recommendation: The Panel found that Respondent had violated Section 501.41 (discreditable acts) and Section 501.48 (response to Board communications) by misappropriating some \$124,067.82 from his client during the course of his engagement; by misapplying and/or embezzling a check of some \$30,050.44 paid by the IRS to his client; by failing to complete an engagement for the client to prepare and file estate tax returns, by virtue of his conviction on theft and misapplication of fiduciary property charges in state district court; and by virtue of his failure to answer an initial inquiry letter for the board. A Panel recommended that Respondent's certificate be revoked and that the revocation be published in the **Board Report**. The Board ratified the Panel's recommendation on January 31, 1986.

Respondent: Arthur Martin Bolinger, Jr.
Date of Committee Report: November 14, 1985
Committee Recommendation: The Committee in one case found that Respondent had violated Section 501.21 (competence) and Section 501.41 (discreditable acts) by failing to complete a client's income tax returns in a timely manner at a time when the client had repeatedly solicited his completion of the returns.

The committee found in the second case that Respondent had violated Section 501.21 (competence) and 501.41 (discreditable acts) by undertaking to prepare a client's tax returns, but failing to do so (although he had accepted payment for the engagement) and by misrepresenting that he possessed an ownership interest in a corporate client for the purpose of obtaining a bank loan. The Panel recommended that Respondent's certificate be revoked and that the revocation be published in **Board Report**. The Board on January 31, 1986, ratified the Panel recommendation.

Administrative Actions:
Respondents: *See below
Date of Panel Report: August 29, 1985
Panel Recommendation: The panel found that Respondents had failed for three consecutive years to renew their licenses and, as such, had violated Section 21b(9) of the Public Accountancy Act of 1979, as amended. The Panel recommended that the certificate/registration of Respondents be administratively revoked. The Board ratified this action on January 31, 1986.

*Arnold Wade Blacketer, Grady A. Boles, Jr., Mary Ellen Bonney, Robert Ian Chapman, W. Edward Cieszkiewicz, Casey Galyean Clem, Eldon Leon Compton, Edward A. Cross II, Earl L. Doolin, Cathy Eichelberger, Charles William Ergen, James L. George, Roger Barrett Hamood, Bruce Alain Hanson, Linda Gail Hayes, Eugene Arthur Johnson, Paul Mark Kapus, Michael Karasik, Thomas Rayford Kirkland, David Robert Little, Donald James Lovett, James Mabes, John Everett Mansfield, Joseph Anthony McKeever, James M. McKernan, Digby Wilson Morrow, Randy J. Pace, Charles Martin Powell, Helen Faye Reinke, Edward J. Rogers, J.D. Smith, Robert W. Swan, David R. Thais, Mary Gingell Walker, Albert M. Warren, Jr., Duane D. Whitney, Robert Alan Young.

**Enforcement
Telephone
Number . . . (512)454-2392**

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ENFORCEMENT ACTIVITY

October 31, 1985–January 31, 1986

	Rules	Act	Total
Active Files			
October 31, 1985	364	293	657
Files opened during period	70	17	87
	434	310	744
Files closed during period	83	129	212*
	351	181	532

* 72 via voluntary compliance, 1 via Board action, and 139 otherwise (unlicensed individuals who have ceased doing business, cannot be located or died).

QUESTIONS AND ANSWERS

- Q:** In the event a complaint is filed against a licensee, how is the licensee informed?
- A.** The Enforcement Division will forward by certified mail—to the last known address of the licensee on file with the Board—a copy of the complaint material and a request for response.
- Q.** Must a licensee respond to the complaint letter, or await further action by the Board?
- A.** Failure to respond to Board correspondence sent by certified mail within 30 days of the date of the letter is the basis of a separate violation of the Rules of Professional Conduct.
- Q.** May the response to the complaint letter sent by certified mail be made by telephone?
- A.** No. Such response must be made in writing.

- Q.** If the time allowed is insufficient to prepare a response, will an extension for filing be granted?
- A.** If a written request for extension reaches this office prior to the expiration of the original period, and discloses a reasonable basis for such an extension, it will be granted.

TEXAS STATE BOARD REPORT

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