



Texas State Board of Public Accountancy

333 Guadalupe, Tower III Suite 900, Austin, Texas 78701-3900

William Treacy, Executive Director

August 19, 2005

VIA CERTIFIED MAIL 7002 0860 0004 5410 6434

Clay C. Scott, Jr.
P. O. Box 7569
7501 Inwood Road
Dallas, Texas 75209

In Re: File No. 05-08-09L
Richard A. Chichakli

Dear Mr. Scott:

The Texas State Board of Public Accountancy (the "Board") is required to investigate claims of misconduct by its licensees. Pursuant to this mandate, the Enforcement Division is initiating an investigation.

The United States Department of Treasury has informed the Board that on April 26, 2005, it was determined that your client, Richard Chichakli, was subject to economic sanctions under, *inter alia*, the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701 *et seq.*, and Executive Order 13348 of July 22, 2004. Consequently, all property and interests in property of Mr. Chichakli, including Mr. Chichakli's CPA certificate and license to practice public accountancy, is blocked.

No formal determination regarding a violation of the Public Accountancy Act (the "Act") or Rules of Professional Conduct (the "Rules") has been made. However, Mr. Chichakli is required to respond to the allegations against him. As a part of that response, Mr. Chichakli is asked to provide the routine background information requested herein. Mr. Chichakli's written response, along with the file in this matter, will be referred to the appropriate committee of the Board for review.

The committee may invite your client to attend an informal conference to allow Mr. Chichakli the opportunity to show that he has not violated the Act or the Rules. However, such an invitation is strictly within the appropriate committee's discretion.

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If substantiated, the allegations may constitute violations of the following Rule:

- Section 501.90 (7) regarding suspension or revocation of or a voluntary consent decree concerning the right to practice before any state or federal agency for a cause which in the opinion of the board warrants its action.

Further, if substantiated, the allegations may constitute violations of the following sections of the Act:

- 1) Section 901.502(6) regarding a violation of a Rule of Professional Conduct;
- 2) Section 901.502(9) regarding a revocation or suspension of, or a voluntary consent decree concerning, the right of the person, or of the person's partner, member, or shareholder, to practice before a state or federal agency for a reason the board determines warrants its action; and
- 3) Section 901.502(11) regarding conduct indicating a lack of fitness to serve the public as a professional accountant.

Your attention is specifically directed to Section 501.93 of the Rules relating to responses to Board communications. A written response is required within thirty days of the date of this letter. This correspondence serves as notice in accordance with Section 2001.054 of the Administrative Procedure Act.

Along with Mr. Chichakli's response, please provide the information listed in the sheet attached. This information is requested for the purpose of giving the Board sufficient information about your client's experience, education, professional staff, library resources and overall nature of his practice. This information is requested routinely in every investigation initiated by the Board.

The Public Accountancy Act ("Act") and the Board's Rules may be found at www.tsbpa.state.tx.us. On the Board's home page click on the section labeled "Rules for the Accounting Profession" which leads to another location that offers the choice of links to either the Act or the Rules.

It is Board policy to disseminate information to all of its licensees about the Board's approved Peer Assistance Program, the Concerned CPA Network, operated by the Texas Society of Certified Public Accountants. The Network's toll-free number is 1-800-289-7053, and its brochure is enclosed. Any communication or information given to the Network is confidential and not disclosed to the Board.

SECTION I - AUTHORIZATION: (a) The Texas State Board of Public Accountancy (the "Licensee") is hereby authorized to engage in transactions and dealings in property and property interests of Richard A. Chichakli and Richard A. Chichakli, P.C. (together, "Chichakli") in connection with the revocation or suspension of Chichakli's CPA certificate and license to practice public accountancy, as described in the Application.

(b) The authorization set forth in this License permits certain transactions that are otherwise prohibited under Executive Order 13348, and should not be construed to confer any authority upon the Licensee, interpret the Texas Public Accountancy Act or other laws or regulations governing the authorized transactions, or exempt the Licensee or the authorized transactions from compliance with other laws or regulations to which they may be subject.

SECTION II - REPORTING REQUIREMENTS: The Licensee is subject to the recordkeeping and reporting requirements of, *inter alia*, 31 C.F.R. 501.601 and 501.602, including the requirement to maintain records concerning the transactions undertaken pursuant to this License for a period of five years.

SECTION III - PRECEDENCE: The authorization contained in this License is limited to the facts and circumstances specific to the Application.
