

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**February 25, 2013**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

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**MEMBERS ATTENDING:** Barton W. Baldwin, CPA, Vice President; Maria M. Lynch, Esq., Secretary-Treasurer; Bucky Glover, CPA; John M. Kledis, CPA; and Michael H. Womble, CPA.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

**GUESTS:** James T. Ahler, CEO, NCACPA; Sharon Bryson, COO, NCACPA; Nicole Hendren, CPA, NCACPA; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA; Curt Lee, Legislative Liaison, NCSA; Lyle Phipps, and David Isgett.

**CALL TO ORDER:** Vice President Baldwin called the meeting to order at 10:02 a.m.

**MINUTES:** The minutes of the January 28, 2013, meeting were approved as submitted.

**FINANCIAL AND BUDGETARY ITEMS:** The January 2013 financial statements were accepted as submitted.

**LEGISLATIVE AND RULE-MAKING ITEMS:** Mr. Brooks reported on legislation (Senate Bills 32, 33, 36, and 37) introduced in the General Assembly that may impact all occupational licensing boards.

**NATIONAL ORGANIZATION ITEMS:** Messrs. Womble and Kledis moved to nominate Mr. Glover for the position of Director-at-Large on the NASBA Board of Directors for 2013-2014. Motion passed.

Messrs. Womble and Kledis moved to send a Letter of Support for Tyrone E. Dickerson, CPA, of the Virginia Board of Accountancy for the position of Mid-Atlantic Regional Director on the NASBA Board of Directors for 2013-2014. Motion passed.

**REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE:** Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

Case No. 200602-014 - Carolyn Branan - Messrs. Baldwin and Glover moved to approve the signed Consent Order (Appendix I). Motion passed with five (5) affirmative and zero (0) negative votes.

Case No. C2012390 - Andrew M. Machek - Approve the signed Consent Order (Appendix II).

Case No. C2012284-1 - W. Davis Milligan, CPA, PA - Approve the signed Consent Order (Appendix III). Mr. Baldwin did not participate in the discussion of this matter nor did he vote on this matter.

Case No. C2012319-1 - Henderson, Stafford and Company PA - Approve the signed Consent Order (Appendix IV).

Case No. C2012325 - Julia L. Duriga - Approve the signed Consent Order (Appendix V).

Case No. C2012182-1 and Case No. C2012182-2 - Donald E. Drake and Donald E. Drake, CPA, PC - Messrs. Baldwin and Glover moved to permanently revoke the NC CPA certificate issued to Donald E. Drake (Appendix VI). Motion passed with five (5) affirmative and zero (0) negative votes.

Case No. C2012288-1 - Close the case without prejudice.

Case No. C2012326 - Close the case without prejudice.

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:** Ms. Lynch moved and the Board approved the following recommendations of the Committee:

**Transfer of Grades Applications** - The following were approved:

Thomas Walker Cuffman  
Meredith Maxwell Pierce

Rebecca Marie Sherrod

**Original Certificate Applications** - The following were approved:

Kathryn Godbold Allen  
Lindsay Anne Bachner  
Tracy Bruce Boorman  
Brandon Scott Bracher  
Jason Hilton Brett  
Stephen Randal Campbell  
Thomas Walker Cuffman  
Erin Elizabeth Daughtridge  
Thomas Jordan Divinnie  
Brenda May Eldridge  
Holly Burt Embt  
Scott Matthew Farkas

Christine Elizabeth Farr  
Ashley Clarissa Farrish  
Joseph Robert Gaines  
Sean Michael Gallina  
Cara Grace Gilmore  
Michelle Elaine Goslin  
Douglas Andrew Hallett  
Travis Roland Hammer  
Gihan Farid Hanna  
Timothy Carl Ebert Hoff  
Addison Russell Howard  
David Allen Isgett

Jennifer Griffin Jackson  
Tamara Johnson  
Eunah Kim-Therrell  
Christy Mechelle Land  
Pamela Michelle Lauchengco  
Yan Li  
Michael James Lotterhos  
Amanda Renee Melton  
Ashlyn Brooke Nicholson  
Robert Kenelm Parker III  
Meredith Maxwell Pierce  
Elise Christine Porter

Kathryn Lauren Reddick  
Rebecca Marie Sherrod  
Keri Nichole Trexler  
Emily Rebekah Vargas  
Collin Franklin Wagoner  
Rachel Kristen Williams  
Patricia Marie Wilson  
Gary Deters Wize  
Qing Yan  
Jeffrey Scott Zawicki  
David Jon Zukerman

Staff reviewed and recommended approval of the original application submitted by Michael Diego Johansen. Mr. Johansen failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

**Reciprocal Certificate Applications** - The following were approved:

Sarika Agarwal  
Daniel A. Bufford  
Bonnie Melissa Collins  
Cordelia Gbemudu Davis  
Donna Gail Reeves Gallagher

Keith Broadus Giddens Jr.  
Jason Carter Hall  
Michael Sean Ryan  
Robert Willard Verbanik  
Cynthia Renae Wolfe

**Temporary Permits** - The following temporary permits were approved by the Executive Director and ratified by the Board:

Timothy Neal Trout T7189  
Timothy Charles Hinkle T7190  
Jennifer Marie Leary T7191  
Elizabeth M. Downer T7192  
Richard Lee Rodgers T7193  
Ashley Marie Jones T7194  
Elizabeth Wright Nichols T7195  
Kayla Rose Dierker T7196  
Amelia Harra Georgiou T7197  
Lisa Arleen Owens-Jackson T7198  
Mackenzie Carter Koupal T7199  
Beverly Waugh Luke T7200  
Kathryn Jean Tucker T7201  
Camron Tyler Faulkner T7202

Robert Justin Wilkes Sr. T7203  
Joshua Landon Chambers T7204  
Yang Ran T7205  
Maticia Cotton Sims T7206  
Aaron Louis Blackmor T7207  
David James McLaughlin T7208  
Shannon Yoder T7209  
Richard Thomas Ewart T7210  
George Garrett Davis II T7246  
Erica Deshannon Jones T7247  
Michael Edward Koupal T7248  
Keri Phifer Cole T7249  
Maria Madonna Mapagu T7250  
Heather Abigail Williams T7251

Stephen Kenneth Malik T7252  
Dennis Crawford McGlory Jr. T7253

Mark Buchheim T7254

**Reinstatements** - The following were approved:

Deborah Queeney Ellis #22754  
Janice Toothaker Gore #20921  
Henry Luther Greene III #18544  
Linda Rugh Hoffman #12725  
Jo Gaskins Holloman #13706  
Mary Elizabeth Warren Kilguss #17092

Alisa Delle Moody #20815  
Jin Su Park #29923  
Jennifer Grace Stevenson #32560  
Robert Eric Teague #23776  
Peter W. Waring #23482

**Reissuance of New Certificate** - Applications for reissuance of new certificate submitted by the following were approved.

Charles A. Akpom #35383  
Kesha Routh Hall #30695

Terri Graham McKee #23052

**Firm Registrations** - The professional limited liability company J. Ronald Padrick CPA PLLC was approved by the Executive Director and ratified by the Board.

**Retired Status Applications** - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

David Carr #14844  
William Arthur Haney Jr. #3967

Frederic O. Shackelford #8196

**Examinations** - The Committee reviewed and approved the following staff approved applicants to sit for the Uniform CPA Examination:

Danielle Abernathy  
Justin Allen  
Kevin Archer  
Lien Bailey  
Bruce Baird  
Stephen Baity  
Briarlee Barrow  
Svyatoslav Bashmakov  
Amanda Benson  
Dexter Blackwell  
Amy Bleeker  
Matthew Borders

Adam Briones  
Ashley Bristow  
Kimberly Brown  
Maricia Brown  
Tiffany Buckelew  
Matthew Buckner  
Christopher Burke  
Paul Burks  
Tenita Burton  
Joshua Cagle  
Betty Cao  
Benjamin Carlson

Jamison Carpenter  
Huan Chen  
Sunshine Chen  
Jennifer Cline  
Alonzo Cole  
Joseph Cook  
Raymond Coppedge  
David Corn  
Ryan Cornell  
Jonathan Cothran  
Hannah Cranford  
Hannah Davis  
Monica Davis  
Samantha Davis  
Raymond Dempsey  
Ghassan Dib  
Jeffrey Dockins  
Ranju Dogra  
Matthew Doherty  
Kelsey Duncan  
Sheldon Early  
Gwendolyn Eaton  
Catherine Edwards  
John Esposito  
James Etchells  
Nicole Evanger  
Sean Feeley  
Kendra Ferguson  
Mary Fischer  
Laura Fisher  
Scott Foreman  
James Fortenberry  
Alexis Gainey  
Michael Gerew  
Chalice Golden  
Arielle Goldenstein  
Turiya Gray  
Brittany Grow  
Charles Gullette  
Christopher Hall  
Janice Harbour-Marazza  
Julie Harman  
Tanikya Harmon

Bethany Harris  
Elizabeth Harris  
Kendell Harris  
Marla Harris  
Corey Hawley  
Ashley Holder  
Kyle Hooks  
HanWen Hsu  
Daniel Hudson  
Hong Joon Im  
Akiko Iwamoto  
Lindsay Johnson  
Lori Johnson  
Preston Johnson  
Shaunte Johnson  
Joshua Jones  
Matthew Jones  
Michael Kahill  
Lidiya Kazantsev  
Matthew Kennedy  
Sharon Kerley  
Johnathan Kildosher  
Ruth Kinyua  
Jennifer Kirts  
Justin Knight  
Rachel Kraus  
Joseph Kurtz  
Rachel Landen  
Dandan Laubacker  
Molly Le  
Austin Lee  
Brooke Leja  
Mary Leonard  
Faye Levy  
Nicholas Lincoln  
Matthew Linder  
Tyler Lindsey  
Marcus Lockamy  
Stuart Long  
William Love  
Sarah Loving  
Travis Lowman  
Michael Luistro

Kaleigh Lund  
Kelly MacDonald  
Layla Manning  
Dennis Martin  
Zachary Matthews  
Brittany Mauldin  
Kevin Maxwell  
Dananjaya Mayadunne  
Kellan McCauley  
Aaron McMillan  
Sarah McMillan  
Dylan McNiff  
Robert McPherson  
Robert Meador  
Avery Medlin  
Ashley Middleton  
Joshua Minor  
Brooke Molineux  
Gloria Moore  
Hona Moore  
Preston Moore  
Elizabeth Moy  
Kaelyn Mulvey  
Jeremy Musgrave  
Farah Noameshie  
Bradley Nortman  
Daniel Nuccio  
Edith Onabanjo  
Angela Outterbridge  
Michael Palmer  
Meagan Parrott  
Mital Patel  
Wendy Pendergraph  
Morgan Perry  
Ljubica Pilipovic  
Andrew Pleasants  
Sallie Powell  
Sharon Pratto  
Lacie Priest  
Kun Qian  
Justin Quinn  
Christina Rabon  
Tara Rajani

Renea Reed  
Jared Reynolds  
Summer Rippey  
David Robertson  
Alberto Rodriguez  
Trisha Sarki  
Jonathan Sawyer  
Ryan Scanlan  
Dorothy Schmitt  
Sharon Sharpe  
Matthew Shekletski  
Chon Shoaf  
Kelsey Short  
Joseph Simmons  
Chelsea Simon  
Jared Sink  
Misti Skinner  
Aaron Smith  
Joseph Smith  
Tyesha Smoot  
Michael Solomon  
Kc Spangle  
Jeffrey Speanburg  
Kristin Stafford  
Kira Staggers  
Tyler Stallings  
Lauren Stechman  
Brian Sternecker  
Steven Strickland  
Angela Stromberger  
Lindsey Sutton  
Kent Swindlehurst  
Dayvon Taliaferro  
Julia Taranenko  
Nathan Tate  
Willie Tate  
Apryl Tessener  
Matthew Thompson  
Robert Tomasula  
Linda Torborg  
Jamar Turner  
Nicki Vaughn  
Junyi Wang

Runqing Wang  
Stephen Watson  
James Wax  
Hailey Weaver  
Lewkytra Weddington  
Charles Wells  
Brittany Whitley  
John Whitley  
Heather Whittington  
Blake Wilcox

Ryan Williams  
Patrick Willis  
Chantel Wilson  
Carole Wilson Pesta  
Jonathan Wood  
Edwin Wotortsi  
Melody Yeh  
Inja Yoon  
Weiqian Zhang

**Letters of Warning** - Staff received and recommended approval of the request to rescind the letters of warning awarded to the individuals listed below. The Committee approved staff recommendation:

Jackie Lynn Fryt #34433  
Lee Sun Gauger #24694  
Robert Stephen Goodman #14301

Timothy Park Jones #16750  
John William Sapp #23273  
Lee-Jane W. Sun #33835

Staff recommended that the Committee determine and accept the grades received for the October - November 2012 exams. Twenty-five files with grade reports were haphazardly selected and reviewed by Board members. The Committee determined and accepted the grades.

**PUBLIC HEARING:** Vice President Baldwin called the Public Hearing to order to hear Case No. C2011223 - Shannon N. Quon, NC CPA Certificate No. 34450. Mr. Quon was not present at the Hearing nor was he represented by counsel at the Hearing. Mr. Brooks was sworn in and presented testimony. Ms. Lynch and Mr. Glover moved to enter Closed Session without the Executive Staff or Staff Attorney present but with Noel L. Allen, Esq., present to discuss the case. Motion passed. The Board re-entered the Hearing whereupon Messrs. Glover and Kledis moved to approve a Board Order (Appendix VII) revoking for one (1) year, the North Carolina CPA certificate issued to Mr. Quon and assessing a \$1000.00 civil penalty. Motion passed with five (5) affirmative votes and zero (0) negative votes. The entire Public Hearing is a matter of public record.

**PUBLIC HEARING:** Vice President Baldwin called the Public Hearing to order to hear Case No. C2012136 - Jocelyn G. Merone, NC CPA Certificate No. 31801. Ms. Merone was not present at the Hearing nor was she represented by counsel at the Hearing. Mr. Brooks and Mr. Winslow were sworn in and presented testimony. Ms. Lynch and Mr. Glover moved to approve a Board Order (Appendix VIII) permanently revoking the North Carolina CPA certificate issued to Ms. Merone. Motion passed with four (4) affirmative and one (1) negative vote. The entire Public Hearing is a matter of public record.

**PUBLIC HEARING:** Vice President Baldwin called the Public Hearing to order to hear Case No. C2012194 - Lyle D. Phipps, NC CPA Certificate No. 35039. Mr. Phipps was present at the Hearing but was not represented by counsel. Mr. Brooks and Mr. Phipps were sworn in and presented testimony. Mr. Kledis and Ms. Lynch moved to enter Closed Session without the Executive Staff or Staff Attorney present but with Noel L. Allen, Esq., present to discuss the case. Motion passed. The Board re-entered the Hearing whereupon Mr. Kledis and Ms. Lynch moved to dismiss the case (Appendix IX). Motion passed with three (3) affirmative votes and two (2) negative votes. The entire Public Hearing is a matter of public record.

**ADJOURNMENT:** Messrs. Glover and Womble moved to adjourn the meeting at 12:31 pm. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks  
Executive Director



Barton W. Baldwin, CPA  
Vice President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: 200602-014

IN THE MATTER OF:

Carolyn B. Branam, #12966  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following FINDINGS OF FACT:

1. Carolyn B. Branam ("Respondent") was the holder of North Carolina certificate 12966 as a Certified Public Accountant. Respondent changed her North Carolina certificate status to inactive in 2006. She made no further communication, filings, or changes since that time.
2. Respondent, from 1993 through 2002, was the Partner-in-Charge of KPMG, LLP's ("KPMG"), Personal Financial Planning ("PFP") practice for the Southeast region. Following a medical leave, Respondent withdrew from the KPMG partnership, effective March 31, 2005. Respondent asserts that pursuant to that withdrawal, KPMG was to indemnify Respondent for any claims relating to KPMG tax strategies, products, or services from 1997 onward. Respondent withdrew from her partnership and has not maintained any employment activities since that time.
3. Respondent asserts that she was made aware of the Board's concerns and raised the issue with KPMG pursuant to her withdrawal agreement. KPMG, however, refused to offer a defense to these issues notwithstanding its existing indemnification responsibilities to Respondent. Respondent has reviewed the outstanding allegations against KPMG, including those allegations that KPMG consented were true without Respondent's acquiescence yet necessarily involved Respondent. Given that Respondent has not received her promised defense from KPMG, nor did Respondent have an opportunity to object to the factual allegations that were consented to by KPMG, Respondent believes that it would be ineffectual and overly burdensome to respond to the allegations raised by the Board in the absence of KPMG's promised but undelivered defense. As a result, Respondent voluntarily surrenders her CPA certificate as more fully set forth below, and agrees that she will not apply for reissuance, reinstatement or modification of discipline.

4. For the time period from about 1996 through 2002, KPMG developed, implemented, and marketed certain tax shelters including KPMG's Foreign Leveraged Investment Program (1996-1997 KPMG "FLIP", also referred to as "Old-FLIP"), Bond Linked Issue Premium Structure ("BLIPS"), Offshore Portfolio Investment Strategy ("OPIS"), and Short Option Strategy ("SOS"), as well as other variants on those programs (hereinafter the "Tax Shelters"). Such variants included third party solutions, such as PWC's Foreign Leveraged Investment Program (1998-1999 PWC "FLIP", also referred to as "New-FLIP"), where KPMG services included tax return compliance/consulting and tax opinion letter issuance. In all material aspects, KPMG Old-FLIP, PWC New-FLIP, and OPIS were considered by the IRS to be substantially similar for tax purposes.
5. KPMG marketed its Tax Shelters to residents in the State of North Carolina and implemented some of those Tax Shelters on behalf of its North Carolina clients.
6. The portion of KPMG's tax practice that specialized in providing tax advice to individuals, including wealthy individuals, was known as Personal Financial Planning, or "PFP." The national KPMG group focused on designing, marketing, and implementing tax shelters for individual clients was known at different times as CaTS ("Capital Transaction Strategies"), and IS ("Innovative Strategies"), hereafter referred to as "CaTS/IS". KPMG also had a department within the tax practice known as Washington National Tax ("WNT"), which was designed to provide expert tax advice to KPMG professionals in the field, and which participated in designing tax shelters, drafting and issuing opinion letters relating to those shelters.
7. On or about August 26, 2005, KPMG entered into a Deferred Prosecution Agreement ("DPA") with the United States Department of Justice regarding the Tax Shelters.
8. As part of the DPA, KPMG admitted and accepted certain facts that were set forth in a "Statement of Facts" that was appended to the DPA.
9. Per the DPA, KPMG has admitted that "through the conduct of certain KPMG tax leaders, partners, and employees, during the period from 1996 through 2002, KPMG:

Assisted high net worth United States citizens to evade United States individual income taxes on billions of dollars in capital gain and ordinary income by developing, promoting and implementing unregistered and fraudulent tax shelters. A number of KPMG tax partners engaged in conduct that was unlawful and fraudulent,

including: (i) preparing false and fraudulent tax returns for shelter clients; (ii) drafting false and fraudulent proposed factual recitations and representations as part of the documentation underlying the shelters; (iii) issuing opinions that contained those false and fraudulent statements and that purported to rely upon those representations, although the KPMG tax partners and the high net worth individual clients knew they were not true; (iv) actively taking steps to conceal from the IRS these shelters and the true facts regarding them; and (v) impeding the IRS by knowingly failing to locate and produce all documents called for by IRS summonses and misrepresenting to the IRS the nature and extent of KPMG's role with respect to certain tax shelters."

10. On February 20, 2012, KPMG entered into a Consent Agreement with the Board regarding the firm's involvement with the Tax Shelters.
11. While employed at KPMG's Charlotte office, and in reliance on KPMG's vetting/approval of Tax Shelters, registration decisions, and tax return reporting through national CaTS/IS group, Respondent was involved in the sale and implementation of numerous Tax Shelters for at least eight clients.
12. In her role as Partner, and in reliance on KPMG's vetting/approval of Tax Shelters, registration decisions, and tax return reporting through CaTS/IS group, Respondent supervised the preparation and signing of tax returns by KPMG's senior managers for clients who took advantage of the favorable tax consequences allowed by the Tax Shelters. Throughout this process, Respondent and senior managers followed directions of KPMG Tax Shelters practice groups including International Tax practice and CaTS/IS groups with respect to such income tax return reporting. Respondent was never a member of those groups.
13. In her role as Partner-in-Charge of PFP for the Southeast region, for administrative purposes, several Partners reported to Respondent in her role as Partner-in-Charge for the Southeast region. Some of those Partners also simultaneously served in the CaTS/IS group, which independently functioned outside her involvement and review. Members of the CaTS/IS group were involved in certain activities included in DPA "Statement of Facts" as described in paragraph 9 above.
14. Respondent personally signed on behalf of the firm as instructed by KPMG at least five opinion letters verifying that there was a greater than 50% likelihood (*i.e.*, that it was more likely than not) that the favorable tax consequences promised from a Tax Shelter transaction would be upheld if challenged by the IRS. ("Opinion Letters") Those Opinion Letters included at least three Old-FLIP,

one OPIS, and one BLIPS transactions. The Opinion Letters were drafted and approved by KPMG at a national level, but Respondent had neither influence upon nor a role in the preparation of those letters other than to execute same as instructed by KPMG.

15. Other Southeast region PFP Partners, who simultaneously served on the national CaTS/IS group, including William "Sandy" Spitz, (hereinafter "Southeast Region Partners") signed at least an additional four Old-FLIP Opinion Letters and one OPIS Opinion Letter. The execution of these letters was outside the scope of Respondent's involvement and review.
16. In November 1997, the national CaTS/IS group informed PFP Partners, including Respondent and Southeast Region Partners, that Old-FLIP should not be marketed for new transactions, but that transactions for which investments had been initiated prior to that date should continue to be implemented. Specifically, the CaTS/IS group explained that the PFP Partners should await the approval of KPMG OPIS as a replacement for its clients. Respondent asserts that, at no time during the 1996 through 2002 period, did KPMG disclose to Respondent that private internal email discussions among KPMG decision makers were questioning the economic substance of the Old-FLIP transactions, its return reporting, its registration decision, KPMG issuance of tax opinion letters, and whether KPMG should unwind the transactions and return client fees.
17. According to a report created by the U.S. Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, KPMG worked with both Presidio Advisors ("Presidio" also referred to in Department of Justice indictments as Pfaff/Larson entities) and Quadra Capital Management LLP ("Quadra") (also doing business as Quellos or QA Investments) as investment advisory firms participating directly in the FLIP, OPIS, or BLIPS transactions.
18. KPMG did not register Old-FLIP. Respondent was not involved in making this decision. During 1998, Price WaterhouseCoopers ("PWC") developed a differently structured Foreign Leveraged Investment Program transaction ("New-FLIP") executed through Quadra. This 1998 PWC "New-FLIP" was made available to First Union for its clients. Some of these clients were referred to a PFP Partner who served on both First Union National Account Client Service Team and on the CaTS/IS group, for various CaTS/IS tax shelter transaction services. On June 1, 1998, Quadra registered New-FLIP as a tax shelter with the United States Secretary of the Treasury. Ultimately, when Quadra was asked to provide a list of all investors who had executed "New-FLIP" or similar transactions, it provided names of all taxpayers that had executed "New-FLIP", "Old-FLIP", and OPIS through Quadra. Thereafter, all taxpayers who had

executed any of these transactions (either through KPMG or PWC, through Presidio or Quadra) were offered an IRS global settlement with respect to those transactions. Substantially all taxpayers accepted that settlement.

19. On June 8, 1998, seven days following Quadra's registration of New-FLIP, Respondent personally signed two Old-FLIP Opinion Letters. Respondent asserts that she did not know at the time that New-FLIP had been registered as a tax shelter. Other KPMG Partners, including Southeast Region CaTS/IS Partners, continued to sign Old-FLIP Opinion Letters for the remainder of 1998. In addition, CaTS/IS group drafted, approved, issued, and signed KPMG Opinion Letters for "New-FLIP" developed by PWC and registered as a tax shelter for 1998 and 1999 transactions. All Opinion Letters drafted, approved, and issued by KPMG through the CaTS/IS group were not permitted to be changed by the local office Partner who was instructed to sign such Opinion Letters on behalf of the firm.
20. On June 25, 1998, Respondent received an email from Gregg Ritchie, Partner-in-Charge of the CaTS/IS group, indicating that New-FLIP had been registered. Mr. Ritchie requested that Respondent verify whether this was true. Respondent contacted Larry Scheinfeld (former KPMG Partner) at Quadra in New York and reported back that Quadra had in fact registered New-FLIP but had not registered Old-FLIP. Respondent indicated Mr. Scheinfeld understood from Mr. Ritchie that KPMG believed they would be registering OPIS. At that time, KPMG OPIS was still in review, and was not approved until late September 1998. The registration decision was determined and announced prior to September 1998.
21. Southeast region Partners signed, or supervised senior managers who signed, 1997 tax returns in 1998, claiming the favorable tax benefits of Old-FLIP. Such activities were directed and controlled by the national CaTS/IS group. Southeast region Partners also signed, or supervised senior managers who signed, 1998 tax returns in 1999, claiming the favorable tax benefits of the now-registered "New-FLIP."
22. In June 1998, the CaTS/IS Group sent emails to members of its group (including at least one partner and senior manager in the Southeast region) regarding the marketing materials for the OPIS product. Respondent asserts that she was not part of this group and was not permitted access to these materials. That correspondence provided:

Please be reminded that you should NOT leave this material with clients or targets under any circumstances. Not only will this unduely [sic] harm our ability to keep the product confidential, it

will DESTROY any chance the client may have to avoid the step transaction doctrine.

The "step transaction doctrine" has been expressly sanctioned by the United States Supreme Court which provides that federal tax liability may be based upon a realistic view of an entire transaction. As such, interrelated, yet formally distinct, steps in an integrated transaction may not be considered independently of the overall transaction. See *Commissioner of Internal Revenue v. Clark*, 489 U.S. 726, 739 (1989).

23. On December 31, 1998, Respondent signed, on behalf of KPMG, an Opinion Letter for an OPIS client which, among other things, assured the client that the OPIS strategy did not trigger analysis under the step transaction doctrine. Respondent asserts that she was unaware of the email described in the foregoing paragraph at the time she signed the Opinion Letter.
24. In January 1999, CaTS/IS Group members received an email from a partner of KPMG's Washington National Tax (WNT) Practice in which that partner plainly stated, "I believe we are filing misleading, and perhaps false, returns by taking this reporting position." Such position referred to use of grantor trust designed to hide tax gains and losses without disclosing them in the individual clients' tax returns. Respondent asserts that she did not receive such email or have knowledge that other Partners were using such a technique until revealed during KPMG investigations. The author of the above email, as well as certain members of the CaTS/IS Group that utilized such technique or approved it with knowledge of the advice that it could be fraudulent or criminal, were indicted in 2005 after the KPMG DPA was signed.
25. In September 2000, the IRS issued Notice 2000-44 which identify the strategies like the BLIPS strategy as an abusive tax shelter that is not eligible for the favorable tax consequences promised by KPMG.
26. Following issuance of Notice 2000-44, certain CaTS/IS Group Partners located in the Southeast region, or senior managers supervised by them, signed tax returns for clients claiming the favorable tax consequences promised initially by KPMG. Respondent had one BLIPS client. The Opinion Letter for that client was signed and tax returns filed by April 15, 2000, prior to the issuance of Notice 2000-44.
27. Respondent and other personnel at KPMG were aware that the Tax Shelters were regarded within KPMG CaTS/IS Group as risky strategies. Nevertheless, she and other Partners and senior managers continued to market and implement the strategies despite those perceived risks. KPMG vetted these tax strategies at decision making levels above Respondent and continued to assure tax partners

such as Respondent that these strategies, while risky, were more likely than not to qualify as legitimate tax strategies.

28. While employed at KPMG, Respondent confirms that:
- a. The Tax Shelters were marketed by KPMG personnel, including herself, Southeast Region Partners, and other national CaTS/IS Partners and senior managers, as a way to, among other things, reduce clients' taxes.
  - b. KPMG personnel, including Southeast region Partners, other national CaTS/IS Partners and senior managers, presented the Tax Shelters to clients as a complete package.
  - c. CaTS/IS Partners and senior managers informed clients they should keep the details of the Tax Shelters confidential and discouraged sharing information with third parties such as their own attorneys or outside CPAs. In at least two instances, Respondent declined to provide information to other Big Four accounting firms who were competitors.
  - d. Tax Shelter presentation materials were collected by KPMG CaTS/IS Partners and senior managers following presentations made to clients to preserve confidentiality and arguments regarding the step transaction doctrine.
  - e. Partners and senior managers in the Southeast region were instructed by CaTS/IS Group Partners to claim favorable tax consequences for clients on their tax returns based upon Old-FLIP transactions, even after learning New-FLIP transactions (later considered along with KPMG OPIS to be substantially similar for tax purposes) had been registered by Quadra, and after KPMG had decided to cease marketing of KPMG "Old-FLIP" strategy for transactions initiated after 1997.
  - f. KPMG provided its tax partners with Opinion Letters verifying that it was "more likely than not" that the Tax Shelters would withstand IRS scrutiny. These Opinion Letters were premised upon certain assumed facts. The assumed facts provided to the partners were pre-printed in the Opinion Letters. Local KPMG tax partners were not allowed to change the facts in the Opinion Letters. Respondent signed one or more such Opinion Letters.

- g. On at least one occasion, CaTS/IS Group Partners or senior managers presented clients with Opinion Letters that contained assumed facts that were not true.
29. Respondent acknowledges that KPMG agreed that its marketing and implementation of the Tax Shelters, and execution of the aforementioned Opinion Letters constituted a failure to provide their clients with competent tax guidance. Respondent had no involvement in the design, vetting or approval of the Tax Shelters and did not draft the Opinion Letters or make decisions regarding the registration of those Tax Shelters. She asserts that, although she was involved in the marketing and implementation of the Tax Shelters, that involvement did not impact the conclusion that KPMG clients failed to receive competent tax guidance.
30. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

Based upon the foregoing findings, the Board makes the following CONCLUSIONS OF LAW:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 8 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Although KPMG issued the tax opinion letters that were signed by Respondent and Respondent had neither any influence on nor any involvement in the formation of those tax opinion letters, Respondent recognizes that her participation in the marketing and implementation of the Tax Shelters, and her execution of those tax opinion letters on behalf of KPMG contributed to the failure to provide her clients with competent tax guidance in violation of 21 NCAC 08N.0212(b).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent, in lieu of an administrative proceeding, the Board and Respondent have agreed to the terms of this Consent Order.

Consent Order - 9  
Branan, Carolyn B.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent voluntarily surrenders her North Carolina CPA certificate without the ability to apply for reissuance, reinstatement, or modification of discipline. As such, Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this State whether through CPA mobility provisions or substantial equivalency practice privileges or in any other manner.
2. Respondent waives any rights, privileges, or protections that may be afforded by 21 NCAC 08J .0106, 08I .0104, or N.C. Gen. Stat. § 93-10.

CONSENTED TO THIS THE 1<sup>st</sup> DAY OF February, 2013

Carolyn B. Branan  
Carolyn B. Branan

APPROVED BY THE BOARD THIS THE 25 DAY OF FEBRUARY, 2013

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: Paul W. Bell  
Vice-President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012390

IN THE MATTER OF:  
Andrew M. Machek, #35358  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 35358 as a Certified Public Accountant.
2. Respondent informed the Board on his 2012-2013 individual certificate Renewal ("Renewal") that between January 1, 2011, and December 31, 2011, he had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had completed at least two (2) hours of ethics to meet the 2011 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2011 requirements.
5. Respondent provided documentation for all of the 70.5 hours of 2011 CPE he claimed on his 2012-2013 Renewal, as requested. However, Respondent provided a certificate of completion documenting just one and one-half (1.5) hours of ethics CPE, one-half (0.5) hour short of the requirement. Respondent asserted that he completed the ethics course required by his employer "under the impression that its purpose was to satisfy [Respondent's] Ethics CPE requirement," and that he believed the course carried four (4) hours of CPE credit.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to

review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent is personally responsible for ensuring that he completed all CPE requirements. Although he did not know that the representations made on his Renewal were false, he has violated the Board's rules because he should have independently verified that his hours were correct before submitting them to the Board. As such, Respondent violated 21 NCAC .0202(a) and .0202(b)(4), which prohibit, among other things, representations in the reporting of CPE credits, which the CPA should have known had the capacity or tendency to deceive.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent's application for Renewal is deemed insufficient and untimely. Respondent's certificate is therefore automatically forfeited pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,

Consent Order -3  
Andrew M. Machek

- b. Payment of the application fee,
  - c. Three (3) moral character affidavits, and
  - d. Forty (40) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.
5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of his certificate.

CONSENTED TO THIS THE 22 DAY OF January, 2013.

Andrew Machek

Respondent

APPROVED BY THE BOARD THIS THE 25 DAY OF FEBRUARY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: \_\_\_\_\_  
President

[Signature]

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012284-1

IN THE MATTER OF:  
W. Davis Milligan, CPA, PA  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and the Respondent stipulate to the following:

1. Respondent W. Davis Milligan, CPA, PA (hereinafter "Respondent firm"), is a registered certified public accounting corporation in North Carolina.
2. Respondent firm received a "fail" on its most recent engagement peer review, with an acceptance letter date of March 8, 2012.
3. Per 21 NCAC 08M .0106, for all failed and second passed with deficiencies reports, Respondent firm was required to submit to the Board a package to include the Peer Review Report, Letter of Response, and Final Letter of Acceptance.
4. Respondent firm provided only a Final Letter of Acceptance to the Board.
5. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's failure to submit to the Board copies of its Peer Review Report and Letter of Response within 60 days of the date of the Final Letter of Acceptance constitutes a violation of 21 NCAC 08M .0106(a)(4).
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.
2. Respondent firm shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted with this signed Consent Order.
3. Respondent firm's professional staff shall take at least eight (8) hours of Accounting and Auditing CPE coursework as part of their annual CPE requirement until such time as Respondent firm receives a pass on a system peer review or a pass or a pass with deficiencies on an engagement peer review.

CONSENTED TO THIS THE 6<sup>th</sup> DAY OF February, 2013.

W. Davis Milligan  
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF FEBRUARY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012319-1

IN THE MATTER OF:  
Henderson, Stafford & Company, PA  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent Henderson, Stafford & Company, PA (hereinafter "Respondent firm"), is a registered certified public accounting corporation in North Carolina.
2. Respondent firm received a "fail" on its most recent engagement peer review, with an acceptance letter date of June 19, 2012.
3. Per 21 NCAC 08M .0106, for all failed and second passed with deficiencies reports, Respondent firm was required to submit to the Board a package to include the Peer Review Report, Letter of Response, and Final Letter of Acceptance.
4. Respondent firm provided only a Final Letter of Acceptance to the Board.
5. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Consent Order - 2  
Henderson, Stafford & Company, PA

Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's failure to submit to the Board copies of its Peer Review Report and Letter of Response constitutes a violation of 21 NCAC 08M .0106(a)(4).
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.
2. Respondent firm shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted with this signed Consent Order.
3. Respondent firm's professional staff shall take at least eight (8) hours of Accounting and Auditing CPE coursework as part of their annual CPE requirement until such time as Respondent firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review.

CONSENTED TO THIS THE 28<sup>th</sup> DAY OF January, 2013.

Darita Henderson

Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF FEBRUARY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: \_\_\_\_\_  
President

\_\_\_\_\_



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012325

IN THE MATTER OF:  
Julie L. Duriga, #32253  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and the Respondent stipulate to the following:

1. Respondent Julie L. Duriga (hereinafter "Respondent") is the holder of North Carolina certificate number 32253 as a Certified Public Accountant.
2. At all relevant times, Respondent was the sole shareholder and CPA employee of Julie L. Duriga, CPA, Inc. ("Firm"), and was responsible for its operations.
3. Respondent's Firm received a "fail" on its most recent system peer review, with an acceptance letter date of August 26, 2009.
4. Respondent submitted a copy of the peer review acceptance letter to the Board on September 1, 2009.
5. Per 21 NCAC 08M .0106, for all failed and second passed with deficiencies reports, Respondent's Firm was required to submit to the Board a Peer Review Report, Letter of Response, and Final Letter of Acceptance.
6. However, on September 1, 2009, Respondent, on behalf of the Firm, only submitted a copy of the peer review acceptance letter to the Board. Respondent asserts that her failure to provide the peer review report and letter of response was inadvertent.
7. In January of 2010, Respondent's Firm was dissolved by the North Carolina Secretary of State's office.



Consent Order - 2  
Julie L. Duriga

8. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's failure to submit to the Board copies of Respondent's Firm's Peer Review Report and Letter of Response constitutes a violation of 21 NCAC 08M .0106(a)(4) and 08N .0213.
3. By virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent is censured.
2. Respondent shall provide a written statement to the Board that she will no longer be participating in, performing, or reviewing any engagements requiring peer review.
3. Prior to Respondent participating in, performing, or reviewing any engagements requiring peer review as an owner, partner, manager, or supervisor, Respondent shall be required to provide the Board with proof of the following:
  - a. Completion of a minimum of eight (8) hours of SSARS CPE;
  - b. Completion of a minimum of sixteen (16) hours of Audit Documentation CPE;



Consent Order - 3  
Julie L. Duriga

- c. Completion of a minimum of sixteen (16) hours of Risk Based Audit Standards CPE;
  - d. Access to an appropriate library with materials sufficient for engagements to be performed;
  - e. Pre-issuance reviews, to be performed by a pre-issuance reviewer approved by the Board, for all peer review engagements until determination is made by the Board that said engagements can be performed by the Respondent in accordance with applicable standards; and
  - f. Completion of eight (8) hours of Accounting and Auditing CPE coursework as part of the Respondent CPA's annual CPE requirements once she has begun participating in, performing, or reviewing any engagements requiring peer review until such time as the firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review.
4. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted within six (6) months of the Board's acceptance of this signed Consent Order.

CONSENTED TO THIS THE 6<sup>th</sup> DAY OF February, 2013.

Julie L. Duriga  
Respondent

APPROVED BY THE BOARD THIS THE 25 DAY OF FEBRUARY, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #s: C2012182-1 and C2012182-2

IN THE MATTER OF:  
Donald E. Drake, #28635  
Donald E. Drake, CPA, P.C.  
Respondents

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondents stipulate to the following:

1. Donald E. Drake (hereinafter "Respondent Drake") is the holder of North Carolina certificate number 28635 as a Certified Public Accountant.
2. Respondent Donald E. Drake, CPA, P.C. (hereinafter "Respondent Firm"), is a registered certified public accounting professional corporation in North Carolina. Respondent Drake is the sole owner of Respondent Firm and has been individually responsible for the conduct of Respondent Firm.
3. In March of 2012, the Internal Revenue Service ("IRS") filed a tax lien against Respondent firm for failure to file and insure payment of 940 and 941 monies totaling \$7,117.80.
4. In September of 2012, the IRS filed a second tax lien against Respondent firm for failure to file and insure payment of 941 monies totaling \$1,781.88.
5. According to the IRS account transcripts, Respondents failed to pay 941 taxes for nine (9) quarters during the years 2008 through 2011. Additionally, Respondents were late in paying 941 taxes for two (2) additional quarters during that period.
6. The IRS account transcripts also show that Respondents were late to file the 941 returns for the quarters ending September 2010, December 2010, and September 2011.



7. Respondents wish to resolve these matters by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 8 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondents' actions as set out above constitute violations of 21 NCAC 08N .0201, .0203(a), and 0207.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondents' consent to this order, Respondents are subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondents agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent Donald E. Drake is hereby permanently revoked.
2. The firm registration for Respondent Firm, Donald E. Drake, CPA, P.C., is hereby cancelled.
3. Respondents shall not offer or render services as a CPA or CPA firm or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall Respondents claim or attempt to use any practice privileges in any other state based upon Respondent Drake's permanently revoked North Carolina certificate or Respondent Firm's canceled CPA firm registration.

CONSENTED TO THIS THE 1<sup>st</sup> DAY OF February, 2013.



Consent Order - 3  
Donald E. Drake  
Donald E. Drake, CPA, P.C.

Donald E. Drake  
Respondent

Donald E. Drake  
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF FEBRUARY,  
2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
Case: #C2011223

IN THE MATTER OF:  
Shannon Noel Quon, #34450  
Respondent

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at a public hearing ("Hearing"), with a quorum present, the Board finds, based on the evidence presented at the Hearing on February 25, 2013, that:

FINDINGS OF FACT

1. Respondent Shannon Noel Quon (hereinafter "Respondent") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. The Board has jurisdiction over Respondent and the subject matter of this action.
3. Respondent received at least fifteen (15) days written Notice of Hearing of this matter by personal service, certified mail, or other approved personal delivery.
4. Venue is proper and the Hearing was properly held at 1101 Oberlin Road, Raleigh, North Carolina.
5. Respondent did not object to any Board Member's participation in the Hearing of this matter.
6. Respondent was not present at the Hearing and was not represented by counsel.
7. Respondent informed the Board on his 2010-2011 individual certificate renewal ("Renewal") that between January 1, 2009, and June 30, 2010, he had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had

completed at least eight (8) hours of non-self-study CPE to meet the 2009 CPE requirements.

8. Based on Respondent's representation, the Board accepted his Renewal.
9. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2009 CPE requirements.
10. Respondent failed to provide the certificate or certificates of completion needed to document completion of an annual ethics CPE course that Respondent claimed he earned between January 1, 2009, and June 30, 2010, as was reported on his Renewal.

#### CONCLUSIONS OF LAW

1. Per N.C. Gen. Stat. § 150B-42, this Board Order constitutes a Final Agency Decision of the Board.
2. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC). Pursuant to N.C. Gen. Stat. § 93-12(9), the Board has the authority to impose discipline upon the Respondent and Respondent's certificate and to impose civil monetary penalties.
3. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), and .0202(b)(4).

BASED ON THE FOREGOING, the Board orders in a vote of 5 to 0 that:

1. The Certified Public Accountant certificate issued to Respondent Shannon Noel Quon is revoked for a period of one (1) year from the date of this Order.
2. Respondent shall, upon receipt of this Order, immediately remit to the Board a one thousand dollar (\$1,000.00) civil penalty.

This the 25<sup>th</sup> day of February 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY:

Vice-President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
Case: #C2012136

IN THE MATTER OF:  
Jocelyn Merone, #31801  
Respondent

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at a public hearing ("Hearing"), with a quorum present, the Board finds, based on the evidence presented at the Hearing on February 25, 2013, that:

FINDINGS OF FACT

1. Respondent Jocelyn Merone (hereinafter "Respondent") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. The Board has jurisdiction over Respondent and the subject matter of this action.
3. Respondent received at least fifteen (15) days through notice of Hearing of this matter by personal service, certified mail, or other approved personal delivery, such as notice by publication as allowed by N.C. Gen. Stat. § 1a, Rule 4(j1).
4. Venue is proper and the Hearing was properly held at 1101 Oberlin Road, Raleigh, North Carolina.
5. Respondent did not object to any Board Member's participation in the Hearing of this matter.
6. Respondent was not present and was not represented by counsel.
7. Respondent informed the Board on her 2011-2012 individual certificate renewal ("Renewal") that she had obtained forty (40) hours of

continuing professional education ("CPE"), had completed an annual approved ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet the 2010 CPE requirements.

8. Based on Respondent's representation, the Board accepted her Renewal.
9. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2010 CPE requirements.
10. Respondent failed to provide the certificate or certificates of completion needed to document any of the CPE that Respondent claimed she earned between January 1, 2010, and December 31, 2010, as was reported on her Renewal.

#### CONCLUSIONS OF LAW

1. Per N.C. Gen. Stat. § 150B-42, this Board Order constitutes a Final Agency Decision of the Board.
2. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC). Pursuant to N.C. Gen. Stat. § 93-12(9), the Board has the authority to impose discipline upon the Respondent and Respondent's certificate and to impose civil monetary penalties.
3. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a) and .0202(b)(4).

BASED ON THE FOREGOING, the Board orders in a vote of 4 to 1 that:

1. The Certified Public Accountant certificate issued to Respondent Jocelyn Merone is hereby permanently revoked.
2. Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this State, either through CPA

Board Order - 3  
Jocelyn Merone

mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall Respondent claim or attempt to use any practice privileges in any other state based upon the permanently revoked North Carolina certificate.

This the 25<sup>th</sup> day of February 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: *Barbara W. Kala*  
Vice-President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012194

IN THE MATTER OF:  
Lyle Phipps, #35039  
Respondent

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners (the "Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at public hearing, with a quorum present, on February 25, 2013, the Board dismissed the matter by a vote of 3 to 2.

This the 25<sup>th</sup> day of February 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: *Barton W. Boddie*  
Vice-President