



Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Rd., Ste. 104 • PO Box 12827 • Raleigh, NC 27605 • 919-733-4222 • www.nccpaboard.gov • No. 01-2011

Should You Provide “Comfort Letters” for Your Clients?

Although the mortgage crisis is no longer the lead story on the nightly news, CPAs continue to receive requests from clients, lenders, and loan brokers for “comfort letters” in which the CPA confirms client information such as the client’s self-employed status, verification of income from self-employment, profitability of a client’s business, and the impact on a client’s business if money is withdrawn to fund the down payment on a real estate purchase.

The letter at issue is usually associated with stated-income loans, which are mortgages that do not require borrowers to document their income. Such loans usually are sought by self-employed people and individuals with investment income or with sales jobs of varying commissions.

Lenders, lacking documentation to support borrower’s income claims, take on the risk that borrower’s claims are inadequate. To gain more comfort in extending loans, some lenders look to the borrower’s CPA for assurance or comfort about certain information.

Most lenders will simply ask the CPA to write a letter indicating that the prospective borrower is self-employed or is employed in a certain profession. Others may attempt to shift the burden of responsibility for due diligence onto the borrower’s CPA and provide a script of what they want the letter to say.

Such a letter provides third-party verification of details in the application

and could transfer some of the potential liability to the CPA in the event of default on the loan.

There are a few issues with this type of letter that should concern CPAs. First, the proposed letter asks the CPA to attest, when the CPA has not specifically been engaged for that purpose. The report would be issued to a third party that has not contracted with the preparer for that specific purpose.

According to Auditing Standards Board Statement on Standards for Attestation Engagements No. 10, *Attest Engagements*, an attestation engagement is called for if the client wants a written report providing assurance about a specific subject.

Of course, performing an attestation engagement is not prohibited in the case of a lender’s comfort letter request, but CPAs must follow the procedures required in an attestation engagement. The client will likely not want to incur the expense of a formal attestation engagement.

It is also important to know what is not permitted under the standards. AT Section 9101, *Attest Engagements: Attest Engagements Interpretations of Section 101*, No. 2, ¶ 25 states that practitioners should not provide any form of assurance that an entity is not insolvent or would not be rendered insolvent upon a proposed condition, or that an entity has the ability to pay debts as they mature.

A lender may want the CPA to make an assurance that the applicant’s withdrawal of the funds for a down payment or other purposes would not put a financial strain on the applicant’s self-employment business. Any representation to that effect could be construed to be a comment on solvency and would thus be prohibited under the standards.

The types of services permitted in a CPA attest report include an audit, a review, or a compilation of the applicant’s personal financial statements. The CPA may also report on *pro forma* financial information or perform an agreed-upon procedures report, as long as those procedures do not provide any assurance on matters of solvency.

The important thing to consider is that this type of engagement requires many procedural steps, which take time and result in significant fees to the client.

If the CPA takes the time to explain to the lender what is involved in presenting a comfort letter in light of profes-

Comfort Letters

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Disciplinary Actions

Debora B. Wentz, #15325
Newton, NC 12/20/2010

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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Debora B. Wentz (hereinafter "Respondent") is the holder of North Carolina certificate number 15325 as a Certified Public Accountant. Respondent also holds a firm registration as an individual practitioner firm.
2. On April 3, 2007, Respondent consented to suspension from practice before the IRS for a period of eighteen (18) months in settlement of allegations by the Office of Professional Responsibility and the IRS Office of Chief Counsel that Respondent violated sections of IRS Circular No. 230 in failing to timely file personal tax returns. Said suspension constitutes discipline by a federal agency.
3. A review of Respondent's records indicates that Respondent failed to file her federal and state personal income tax returns for the tax year 2000 until August 2002 (both federal and state returns); for the tax year 2001 until February (federal return) and January (state return) 2003; for the tax year 2002 until October 2005 (both federal and state returns); for the tax year 2003 until January 2007 (both federal and state returns); for the tax year 2004 until February 2007 (federal return) and December 2006 (state return); and for the tax year 2005 until February (federal return) and January (state return) 2007. For some of the above-referenced tax years in which Respondent failed to file, taxes were due and not timely paid.
4. Respondent failed to report her discipline by the IRS on her 2007 certificate renewal, but did report the discipline on her 2008 certificate renewal.

5. 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 (NCGS) and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)e and 21 NCAC 08N .0201, .0203, .0204, .0207, and .0208(b).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 08C, the Board and Respondent agree to the following Order:

1. Upon approval of this Order by the Board, Respondent's North Carolina CPA certificate is hereby suspended for eighteen (18) months effective January 1, 2011.
2. Upon approval of this Order by the Board, the firm registration for Respondent's individual practitioner firm is hereby suspended for eighteen (18) months effective January 1, 2011.
3. On July 1, 2012, Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - 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.

4. Respondent shall reimburse the Board for the administrative costs incurred as a result of the investigation of this matter.

Clara Jean Pinkney, #17752
Clara Jean Pinkney, CPA, PLLC
Winston-Salem, NC 12/20/2010

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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Clara Jean Pinkney (hereinafter "Respondent Pinkney") is the holder of North Carolina certificate number 17752 as a Certified Public Accountant.
2. Respondent Clara J. Pinkney, CPA, PLLC (hereinafter "Respondent Firm"),

2011 Board Meetings

February 21
March 23*
April 26
May 26
June 20
July 25
August 22
September 19
October 20
November 21
December 19

Unless otherwise noted, meetings are held at the Board office at 1101 Oberlin Road, Raleigh, and begin at 10:00 a.m.

Meetings of the Board are open to the public except, when under State law, some portions may be closed to the public.

*1:00 p.m.

is a registered certified public accounting limited liability company in North Carolina. At all relevant times, Respondent Pinkney was the sole member of Respondent Firm, and has been individually responsible for the conduct of Respondent Firm.

Count 1

3. In July of 2004, the North Carolina Office of State Treasurer, Local Government Commission (LGC) approved an audit contract between Respondent Firm and the Town of Princeville (Town) for audit services for the year ending June 30, 2004.

4. In that Respondent Firm's 2001 peer review was adverse, the LGC's audit contract stipulated that Respondent Firm's audit must be pre-issuance reviewed by a LGC-approved reviewer prior to issuance of the audit to the Town.

5. Despite several requests and warnings by the Town and the LGC, Respondent Firm and Respondent Pinkney failed to complete the audit and submit it to the LGC-approved reviewer as required by the contract.

6. During the course of the audit, the LGC determined that Respondent Firm was no longer independent in that Respondent Firm contracted and paid an individual to perform bookkeeping services for the Town, which included balancing the accounting records. The LGC also determined that Respondent Firm paid the bookkeeper eighty dollars (\$80.00) an hour, but billed the Town for one hundred twenty-five dollars (\$125.00) an hour for the bookkeeper's services.

7. In November of 2006, over two (2) years after the original contractual due date for the audit, the Town and the LGC determined that the audit would be of no value, and the Town passed a resolution terminating Respondent Firm as the firm engaged to perform the Town's June 30, 2004, audit and requesting that Respondent Firm repay the Town all monies paid to Respondent Firm on the audit. Based on the Town's resolution and the LGC's determination that Respondent Firm lacked independence, the LGC sent a letter, dated December 20, 2006, to Respondent Pinkney, on behalf of Respondent Firm, notifying Respondent Firm and

Respondent Pinkney that the audit contract approved by the LGC in July of 2004 was terminated.

8. To date, the monies paid, prior to the audit contract termination, by the Town to Respondent Firm and Respondent Pinkney have not been repaid to the Town.

Count 2

9. On January 29, 2007, Respondent Pinkney filed for Chapter 13 Bankruptcy and failed to report this filing on her 2007-2008 individual certificate renewal.

10. The bankruptcy filing was later dismissed by the Court based upon the Bankruptcy Court's finding that Respondent Pinkney had failed to list a substantial creditor and an asset of the estate at the time the bankruptcy petition was filed with the Court.

11. Respondents wish to resolve this matter 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 (NCGS) and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC), 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 NCGS 93-12(9)e and 21 NCAC 08N .0201, .0202(b)(3), .0203, .0204, .0208, .0212, .0402, and .0403.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 08C, the Board and Respondents agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent Pinkney, Clara Jean Pinkney, is hereby

suspended for three (3) years; however, said suspension shall be stayed.

2. The firm registration for Respondent Firm, Clara J. Pinkney, CPA, PLLC, is hereby suspended for three (3) years; however, said suspension shall be stayed.

3. Respondent and Respondent Firm shall not participate in, perform, or review any audits, reviews, and agreed-upon procedures for any client for three (3) years.

4. Respondents may request reinstatement of the privilege to participate in, perform, and review audits, reviews, and agreed-upon procedures after three (3) years, but will be required to participate in pre-issuance review of any audits, reviews, and agreed-upon procedures performed until Respondents receive a pass report in a peer review on each level of the aforementioned services, and in the discretion of the Board may be required to pass the audit section or its equivalent of the Uniform CPA Examination.

5. Respondent Pinkney is required to take the eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format within six (6) months of the approval of the Consent Order by the Board.

Thomas G. Reynolds, #12484
Raleigh, NC 12/20/2010

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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Thomas G. Reynolds (hereinafter "Respondent") is the holder of North Carolina certificate number 12484 as a Certified Public Accountant.

2. Respondent consented to a Final Judgment issued by the United States District Court for the District of Columbia in a complaint filed by the Securities and Exchange Commission (SEC).

3. As a part of said Final Judgment, Respondent consented that he would

Disciplinary Actions

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Comfort Letters

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sional standards and the related cost to the applicant of issuing any attestation letter, the lender may be convinced to withdraw its request for a comfort letter.

As an alternative, the CPA may offer to send a copy (with the client's written authorization) of the client's tax forms directly to the lender with a simple cover page stating, "Please find attached the tax forms I prepared for Client for the past two years."

Sometimes the broker does not want the tax forms in the application file because the forms do not provide enough information or may provide information that might cause the loan to be rejected.

Another option is to provide the lender with a CPA letter that basically makes no assurances, therefore limiting the CPA's liability. The letter merely says that the CPA prepared the tax forms and that the lender should not construe the letter to be an audited CPA representation.

Although from a risk management perspective it is preferable to avoid confirming any client information to a lender or broker, a CPA, not wanting to alienate or offend a client, may be tempted to send off a quick letter to the lender confirming that the client is self-employed, or retired, or earning a living from the activities addressed on the tax return.

The CPA should be careful about sending such a letter. Does the CPA really know everything that is occurring with that client? Does the client have other activities on the side that the CPA is not aware of and that conflict with the information on the tax forms? A CPA is certain about what he or she puts on tax forms. Saying anything else in the letter advances the tax engagement to a new level.

When asked to provide a comfort letter for a client, a CPA can best avoid risk by sticking to the professional standards and not caving in to pressure from a client or lender. While clients need to have the flexibility to obtain credit, the responsibility for underwriting the loan lies with the lender, not the CPA.

Board Staff Participates in Service Project

Each year, the Board staff participates in a community service project and this year the Board staff collected non-perishable food items for the Food Bank of Central & Eastern North Carolina.

The 15 staff members collected and donated approximately 325 food items to the Food Bank. In addition, several staff members also made monetary donations.

The Food Bank is a non-profit organization that provides food for people at risk of hunger in 34 counties in central and eastern North Carolina.

The Food Bank serves a network of more than 800 partner agencies such as soup kitchens, food pantries, shelters, and programs for children and adults through warehouses in Durham, Greenville, New Bern, Raleigh, the Sandhills (Southern Pines) and Wilmington.

In fiscal year 2009-2010, the Food Bank distributed more than 41.5 million pounds of food and non-food essentials through these agencies.

For more information on the Food Bank, visit www.foodbankcenc.org.

Licensing Activity

Certificates Issued

The Board has approved the following applicants for licensure as North Carolina CPAs:

12/20/10 Seungwong "Andrew" Hong
12/20/10 Albert John Mixner, Jr.
12/20/10 Kathryn Leigh Sasser

Reinstatement

12/20/10	Michael Joseph Auth, #11609	Westford, MA
12/20/10	Lance Lester Farlow, #22350	Raleigh, NC
12/20/10	Joe Channing Minor, #3422	West Palm Beach, FL
12/20/10	Janet Sodano, #22633	Apex, NC
12/20/10	Jared Lee Spencer, #31817	Franklin, NC
12/20/10	Lou Ann Guy Vincent, #14400	Staunton, VA

Reissuance

12/20/10	Hans Timothy Blake, #32578	London, UK
12/20/10	Davin Walter Brown, #16483	Raleigh, NC
12/20/10	David Lynn Fouts, #12856	Wake Forest, NC
12/20/10	Matt Christopher Hinnant, #32535	Wilmington, NC
12/20/10	Andy Hudson, #26813	Charlotte, NC
12/20/10	Sharon Roark Thompson, #22212	Forest City, VA

Retired Status

"Retired," when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive or intend to receive in the future any earned compensation for current personal services in any job whatsoever and will not return to active status. However, retired status does not preclude volunteer services for which the retired CPA receives no direct or indirect compensation so long as the retired CPA does not sign any documents, related to such services, as a CPA [21 NCAC 08A .0301(b)(33)].

12/20/10	Robert Gregory Holley #9488	Wilmington, NC
12/20/10	Gloria F. Lockerman #2301	Clinton, NC
12/20/10	Gary Walter Ritchie #9265	Shelby, NC

Disciplinary Actions

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be permanently restrained and enjoined from violating, directly or indirectly, Section 30A of the Securities Exchange Act of 1934 (Exchange Act), and permanently restrained and enjoined from aiding and abetting any violation of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and ordered to pay a civil penalty in the amount of \$40,000.00.

4. 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 (NCGS) and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)e and 21 NCAC 08N .0201, .0203, .0204, and .0301 (a).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 08C, the Board and Respondent agree to the following Order:

1. Respondent's CPA certificate shall be suspended for one (1) year; however, said suspension shall be stayed.

2. Said suspension shall become active should the Board be advised of any violation by Respondent of the terms and conditions of the Final Judgment issued by the United States District Court.

3. Respondent shall pay a ten thousand dollar (\$10,000.00) civil penalty to be remitted with this signed Order.

Carl E. Hansen, #21586
Gibsonia, PA 12/20/2010

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

1. Respondent is the holder of North Carolina certificate number 21586 as a Certified Public Accountant.

2. Respondent informed the Board on his 2009-2010 individual certificate renewal (renewal) that he had obtained forty-two (42) hours of continuing professional education (CPE), had completed the annual Board-approved North Carolina ethics CPE course, and had completed at least eight (8) hours of non-self study CPE to meet the 2008 CPE requirement.

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 2008 CPE requirement.

5. Respondent provided the CPE certificates of completion to the Board as requested, but Respondent failed to provide the certificate of completion needed to document an annual Board-approved North Carolina ethics CPE course that Respondent claimed he earned between January 1, 2008, and December 31, 2008, as was reported on his renewal. Respondent is licensed in Pennsylvania, but did not complete an ethics course in Pennsylvania as Pennsylvania does not have an ethics CPE course requirement.

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 (NCGS) and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(8b)a, 93-12(9)c and 93-12(9)e and 21 NCAC 08J .0101(b), 08N .0202(a), .0202(b)(3), .0202(b)(4), and .0203(b)(1).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 08C, the Board and Respondent agree to the following Order:

1. Respondent's application for renewal is deemed insufficient and untimely under NCGS 150-B-3(a). Hence, his certificate is automatically forfeited pursuant to NCGS 93-12(8b).

2. Respondent must return his certificate to the Board with this signed Consent Order.

3. Respondent may apply for the reissuance of his certificate one (1) year from the date the Board approves the Consent Order if Respondent's certificate and the civil penalty required in number five (5) of this Order have been 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,

b. Payment of the application fee,

c. Three (3) moral character affidavits, and

d. Forty (40) hours of CPE in 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 or self-study format.

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board within six (6) months of the date this signed Order is accepted by the Board.

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 license.

Notice of Apparent Violation and Demand to Cease and Desist

Kenneth M. McNees
Raleigh, NC

To the Above-Named Respondent:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners (Board) is authorized by NCGS 93-12(16) to enforce the provisions of the North Carolina Certified Public Accountant Act (Act) through actions for injunctive relief regarding "a single violation" of this Chapter; and,

WHEREAS, pursuant to NCGS 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued to him under the provisions of this Chapter."

WHEREAS, pursuant to NCGS 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under NCGS 93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words,

letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant."

WHEREAS, Respondent Kenneth M. McNees (hereinafter "Respondent McNees") is not currently licensed as a certified public accountant in North Carolina or otherwise authorized by the Board to use the CPA title in this State, but his principal place of business is in North Carolina; and

WHEREAS, Respondent McNees, while working in North Carolina, identified himself as a CPA in the course of his employment with the Wake County Public School System. Respondent McNees' use of the title "CPA" or "Certified Public Accountant" conveys the false impression that he is authorized to use a title other than 'accountant' when, in fact, he is not lawfully authorized to use the title "certified public accountant" or "CPA" in this State. Such a representation is

misleading and contrary to NCGS 93-1 and 93-3.

THEREFORE, Respondent McNees is hereby notified and the North Carolina State Board of Certified Public Accountant Examiners demands that he immediately cease and desist from offering or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until Respondent McNees has been licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

BY:

Robert N. Brooks, Executive Director
North Carolina State Board of Certified Public Accountant Examiners
11/01/2010

In lieu of civil proceedings authorized by NCGS 93-12(16), the Board will accept Respondent's consent to this Demand.

CONSENTED TO BY:

Kenneth M. McNees
11/19/2010

North Carolina Public Campaign Fund

The following information is printed as a courtesy to the State Board of Elections.

With tax season underway, North Carolina licensees are reminded of their legal obligation to ask clients about a check-off designation for the North Carolina Public Campaign Fund (the Fund) on the North Carolina personal income tax form.

Established by NCGS 163-278.61, and administered by the State Board of Elections, the Fund supports a nationally acclaimed program designed to improve how North Carolina voters elect judges for the North Carolina Supreme Court and Court of Appeals.

The Fund helps voters cast a more informed vote in these elections by paying for the creation of a non-partisan voter guide which describes the functions of the appellate court and profiles the candidates running for those offices.

The Fund also helps protect the impartiality of the courts by providing financial aid to candidates who accept restrictions on their spending and fund-raising, including limits on donations from lawyers and special-interest groups.

Pursuant to NCGS 105-159.2, "a taxpayer must be given the opportunity to indicate an agreement to that allocation...after being presented with the information required."

To participate in the Fund, filers of North Carolina personal income tax returns may designate \$3.00 to the Fund by checking a box on their personal income tax returns. Taxpayers must be made aware that designating \$3.00 to the Fund does not increase the taxpayer's tax due and does not reduce any refund due the taxpayer.

A paid tax preparer of an individual's personal income tax re-

turn may not mark an agreement or objection to the allocation without the taxpayer's consent.

To help licensees explain the Fund to clients, the State Board of Elections website, www.sboe.state.nc.us has fact sheets and small dollar-size flyers ("buck slips") available for printing.

More information on the Fund is available from the non-partisan Democracy North Carolina web site, www.democracy-nc.org.

Additional information is also available by calling the State Board of Elections Campaign Finance Division at (919) 733-7173.

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CPAs Exempt from Red Flags Rule

On December 18, 2010, President Obama signed legislation into law exempting accountants from the Federal Trade Commission's Red Flags Rule requiring businesses to implement a written identity theft protection program.

The Red Flags Rule calls for "creditors" to establish a program to protect customers, clients and patients from identity theft.

The law took effect December 31, 2010, after numerous postponements as various industries protested their inclusion under the rule.

The "Red Flag Program Clarification Act of 2010," changes the definition of a creditor and exempts businesses that "advance funds on behalf of a person for expenses incidental to a service provided."

The law also states that the rule should only apply to businesses that obtain or use consumer reports, directly or indirectly, in connection with credit transactions; furnish information to consumer reporting agencies in connection with a credit transaction; and advance funds to or on behalf of a person based on an obligation to repay the funds or repayable from specific pledged property.

The new law also gives the Federal Trade Commission (FTC) the authority to promulgate regulations applying the rule to businesses whose accounts the FTC decides should be "subject to a reasonably foreseeable risk of identity theft."

However, the congressional record contains many instances of lawmakers specifically calling on Congress to exempt accounting practices.

Firm Renewal & Peer Review Compliance Due January 31

January 31, 2011, is the final deadline for firm renewal and peer review compliance. For more information, visit www.nccpaboard.gov.

Inactive Status

"Inactive," when used to refer to the status of a person, describes one who has requested inactive status and been approved by the Board and who does not use the title "certified public accountant" nor does he or she allow anyone to refer to him or her as a "certified public accountant," and neither he nor she nor anyone else refers to him or her in any representation as described in 21 NCAC 08A .0308(b) [21 NCAC 08A .0301(b)(21)].

10/26/10	Pamela Manning Myers, #19875	Thomasville, NC
10/28/10	Tony Bradford Cheers, #18774	Supply, NC
11/01/10	Robert Halley Bazemore, Jr., #17298	Raleigh, NC
11/01/10	Douglas A. Fullerton, #32145	Kernersville, NC
11/03/10	John William Graeter, #16199	Hot Springs, NC
11/08/10	Rebecca Thrower, Barnett, #25065	Florence, SC
11/08/10	Paul Douglas Bullard, #14661	Sanford, NC
11/09/10	Sarah Casey Howell, #15817	North Wilkesboro, NC
11/10/10	Heather Ann Edson, #27481	Charlotte, NC
11/10/10	Clarence Randall McGlothlin, #2927	Mooresville, NC
11/10/10	Janine Urbanek, #31196	Seattle, WA
11/15/10	Sue Flowers Bell, #13920	Cary, NC
11/17/10	Michael Joseph Boyle, #15331	Asheboro, NC
11/19/10	Camilla Smith Buie, #14029	Charlotte, NC
11/24/10	Steven Dean Johnson, #31347	Salisbury, NC
11/29/10	Bonnie Ann Hunt, #23188	Fayetteville, NC
11/30/10	Louis Lindsey Crawley, #9514	Raleigh, NC
12/01/10	Michael Eugene Powers, #6623	Taylorsville, NC
12/01/10	John Michael Pownall, #16653	Charlotte, NC
12/06/10	Ray Eugene Barnhardt, #3602	Newton, NC
12/06/10	Edward Evan Bass, #4198	Chapin, SC
12/10/10	Amy Lee Boswell, #33569	Charlotte, NC
12/10/10	Nancy Hunt Brumbaugh, #12142	Surprise, AZ
12/10/10	Garmon G. Dale, Jr., #27921	Grand Prairie, TX
12/15/10	J. Robert Capps, #18290	Huntersville, NC
12/15/10	David Camden Frazier, #15410	Sunset Beach, NC
12/15/10	Dyanne Morrell Frazier, #17327	Cornelius, NC
12/15/10	Alice Gwyn Heusel, #15668	Tacoma, WA
12/15/10	Jamie O. Jonas, #24629	Charlotte, NC
12/15/10	James Roy King, #7758	Sumter, SC
12/15/10	Ronald Ray Moats, #27855	South Daytona, FL
12/17/10	James William Bass, Jr., #12581	Nashville, NC
12/17/10	Margaret A. Stadler, #33475	Hendersonville, NC
12/20/10	Rebecca Heineck Ferrara, #33084	Fort Mill, SC
12/20/10	Muffin Padgett Gerler, #22045	Raleigh, NC
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