

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**February 18, 2008**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

---

**MEMBERS ATTENDING:** Michael C. Jordan, CPA, Vice President; Jordan C. Harris, Jr., Secretary-Treasurer; Jeffrey T. Barber, CPA; Norwood G. Clark, Jr., CPA; Tyrone Y. Cox, CPA; and Maria M. Lynch, Esq.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; 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; Hunter Cook, CPA, Chair, NCACPA; John Morgan, CPA, Esq., Chair-Elect, NCACPA; David Horne, Legal Counsel, NCACPA; and Curt Lee, Legislative Liaison, NCSA.

**CALL TO ORDER:** Vice President Jordan called the meeting to order at 10:01 a.m.

**MINUTES:** The minutes of the January 14, 2008, meeting were approved as submitted.

**FINANCIAL AND BUDGETARY ITEMS:** The January 2008 financial statements were accepted as submitted.

**NATIONAL ORGANIZATION ITEMS:** Messrs. Clark and Cox moved to approve the response to the PCAOB's Proposed Policy Statement, *Guidance Regarding Implementation of PCAOB Rule 4012*. Motion passed.

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

C2007446 – Approve a Notice of Hearing for 10:00 a.m. on August 18, 2008, for Steve E. Moss.

200407-025 – William James Black, Jr. – Approve the signed Consent Order (Appendix I). Mr. Clark did not participate in the discussion or the vote on this matter.

C2007732 – James G. Walker - Approve the signed Consent Order (Appendix II).

C2007733 – Julius O. Spradley, Jr. - Approve the signed Consent Order (Appendix III).

200610-077 – Close the case with prejudice and a Letter of Caution. Mr. Jordan did not participate in the discussion or the vote on this matter.

200605-043 – Vernice Chaitan Woltz - Messrs. Cox and Harris voted to approve the Consent Order for permanent revocation of the NC CPA certificate issued to Vernice Chaitan Woltz. Motion passed with six (6) affirmative votes (Appendix IV).

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

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

Neil Evangelista

Larisa Michelle Lipinski

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

Mark Alan Ariail

Larisa Michelle Lipinski

Sarah Wood Barbour

Christopher Ryan Loehr

Alicia Nicole Bess

David Matthew Miller

Stuart Holmes Bracken

Kai Vincent Monahan

Julia Paige Cahoon

Benjamin Wilson Murdock

Blair Elizabeth Cannon

Jean Marshall Murray

Eric Bryce Clements

Amanda Charlaine Oakes

Matthew Conover Cooper

Allison Lindsay Odom

Susan Michelle Crawley

Kristin Michele Pappas

Jeffrey Adam Day

Sabrina Elizabeth Parris

Dustin William Didawick

Jamie Lee Parsons

Adam Stephen Drake

Joseph Austin Philpott

Neil Evangelista

Angela Norris Rabon

Lauren Ann Vanderflugt Felts

Samir B. Ramakrishna

Teresa J. Gault

Heather Nicole Scoggins

Brandon Dee Guzman

David Stuart Staley

Matthew Quincy Hammond

Clinton West Stanley

Allison Buchanan Hicks

Somp "Francis" Thilavanh

Katherine Leigh Hoskins

Michael David Tolley

Barrett Glen Johnson

Rebecca Lynn Tritschler

Veronika Marie Johnson

Lori I. von Gretener

Carolyn Diane Killa

Amber Short Watson

Derek Martin Killian

Edward Andrew White

Amanda Jane Lambert

Lindsay Allison Zimmerman

Staff reviewed and recommended approval of the original application submitted by Adam Jeffrey Basch. Mr. Basch failed to disclose a DWI conviction with his exam application but provided pertinent information with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Angela M. Powell. Ms. Powell failed to disclose worthless check convictions with her exam application but provided pertinent information with her certificate application.

Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Carla Rochelle Reaves. Ms. Reaves failed to disclose an underage drinking citation with her exam application but provided pertinent information with her certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Lindsey Michelle Ward. Ms. Ward failed to disclose an underage drinking PJC with her exam application but provided pertinent information with her 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:

Thomas Michael Gana  
Jon Randolph Green  
Jennifer Erin Hughes  
Albert Keith Jarmusch  
Lynn Massie Johnson  
Julie G. Keen  
Cary Reams Luhn  
Jeffrey Russell Lurie

Joseph E. Maddox III  
Joe N. Miller  
Andrew Nicholas Newman  
Mary C. Richart  
Juliana Chiu Smith  
Margaret A. Stadler  
Vincent R. Stephens

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

Karen R. Levy T4622  
Yvette H. Konstanzer T4623  
Karen Liza Shope T4624  
Rebecca A. Hobbs T4625  
Mark A. Adams T4626  
Delmo Lafayette Risley T4627  
Kathleen Ann O'Donnell T4628  
Cathlean Wells Utzig T4629  
Larissa Renee Taylor T4630  
Christine Renee Olszewski T4631  
Matthew G. Sherwood T4632  
Alicia Norman Thrasher T4633  
Yolande Aisha Clarke T4634  
James Bertram Franks T4635  
Susan E. Lieberum T4636  
Kelly Kuehn Cutaia T4637

Laura Adack Huntley T4638  
David Charles Scrimale T4681  
Michael Kyle Detroy T4682  
Michael Scott Fair T4683  
Rosalind Crayton Pettway T4684  
Frank David Davies T4685  
Dieter Ernst Wulff T4687  
Terry Joel Schwartz T4688  
Bridget Marie Hugues T4689  
James R. Hanlon T4690  
Steven Lee Winters T4691  
Theresa M. Richter T4692  
Meredith Ann Luke T4693  
Melissa Grace Youngblood T4694  
Lois Kathrine Green T4695  
Annabelle V. Palanca T4696

Michael John Wurdack T4697  
Ryan Terry Brummeyer T4698  
Kimberly Elaine Benson T4699  
Heidi Marie Brundage T4700  
Chad Anthony Kidney T4701

Michael J. Burillo T4702  
Paula Elizabeth DeLorenzo T4703  
Lisa Rudolph Featherngill T4704  
Keira A. Lichtenstein T4705  
Amy McNeal Dieffenbach T4706

**Reinstatements** - The following were approved:

Martha Colm Behnke #24468  
Julian Bradford Branch #11698  
Christine Gaskins Cushman #23342  
Lisa Parks Galloway #25974  
Denise M. Huska #18748  
Julie Schwein Hutton #28952  
Dorothy Reneé Macon #24620  
Richard E. Marsh Jr. #13513  
Wren Maureen Mitchell #29522

Anita McCoy Pace #22479  
William Frederick Reich IV #16788  
Glenn Alonzo Richardson #25712  
Kristine Annette Shaw #26455  
Kimberly M. Watson #29774  
Lauren Teague Wierman #17765  
Daniel Keith Wilson #12669  
William Warfield Winters #7098  
Eric William Gilbert Zetterholm #25458

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

Susan Jane Almercz #28217  
Cheryl Ann Levesque #28120  
Rama Nishtala #27556  
Dharmpriya Ramanlal Patel #27495  
Richard W. Ragland #17922

Jimmie Ruth Rice #22221  
Jerry Neil Smith #13392  
Jeanne Mitchell Winkler #19266  
Sandy Deland Winkler #23706

**Reissuance of New Certificate and Consent Agreement** - An application for reissuance of new certificate and consent agreement submitted by Mark R. Codington (#15628) was approved.

**Firm Registrations** - The following professional corporations were approved by the Executive Director and ratified by the Board:

Freed Maxick & Battaglia, CPAs, P.C.  
S. PURI, CPA, P.A.

**Reclassifications** - 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:

John Robert Rowe Jr. #28190

Lydia Smit Sparrow #13370

**CPE Matters** - The Committee approved the ethics course "Ethics 101" (Update) by Martin Starnes & Associates, CPA, PA (Board-approved CPE sponsor).

**Letters of Warning** - Staff has recommended approval of the requests to rescind the Letters of Warning awarded to the individuals listed below. The Committee approved staff recommendation:

Patrick Barberich #9218  
Christopher Berger #27580  
Thomas Devlin #30013

Lisa Ann Fox #27035  
Christine Harris #32277

Staff received a letter and documentation from Rebekah Baker (#15947). She completed the 2006 CPE requirement by June 30, 2007, and is requesting an extension and waiver of the Letter of Warning. The Committee approved staff recommendation.

Staff received a letter and documentation from Susan L. Whitlock (#17293). She did not complete a Board-approved ethics course or any non-self study as part of her 2005 or 2006 CPE. Staff recommended referral to the Professional Standards Committee for failure to comply with 21 NCAC 08G .0410 and 08G .0409(c). The Committee approved staff recommendation.

Staff received documentation from Shalita Robinson (#30875). Ms. Robinson renewed in 2006 and 2007 claiming compliance with the Board's ethics rule. However, during the audit process, staff discovered that Ms. Robinson did not appear to comply for 2006 and appears to have taken the wrong ethics course for 2007. Staff recommended referral to the Professional Standards Committee for failure to comply with 21 NCAC 08G .0410. The Committee approved staff recommendation.

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

Freddie Acevedo  
Stephen Aldrich  
Ann Alleyne  
William Allison  
Matthew Anderson  
Michael Apple  
Jeanette Atkins  
Lindsey Averette  
Diane Baldwin  
Natalie Banks  
Autumn Baptiste  
Michael Barber  
David Bardin  
Brandon Barkley  
Kelly Barr  
Adam Barth  
Jessica Bastedo

Teresa Beans  
Ashley Beavers  
Lisa Bergemann  
Aaron Blais  
Ginny Blalock  
Andrew Bliss  
Elana Blizzard  
Kurt Blohm  
Adrienne Blume  
Jill Boger  
Bonnie Bond  
Yahaira Botello  
Lynn Bounds  
James Bowman  
Nicole Brabec  
Ian Bradley  
Wyona Brinegar

Ashley Britton  
Jing Brooks  
Caroline Brown  
Jennifer Brown  
Melvin Brown  
Ryan Bubucis  
Kevin Buchser  
Dana Buckles  
Megan Bullin  
Cory Bunger  
Greyson Burnett  
Tami Burris  
Brian Burton  
Karen Byrd  
Tiffany Byrd  
Natalie Bystry  
Jonathan Cadwell  
Sarah Cain  
Meredith Carroll  
Rita Carroll  
Sarah Carson  
Billie Case  
Galina Chichlova  
Ruth Christian  
Laura Clapp  
Charles Clardy  
Gregory Clark  
Andrew Clarke  
Diane Clavier  
Scott Clifton  
Zannoth Coffee  
Brett Cohen  
Jessica Cole  
Brian Coleman  
Joyce Comer  
Evgeniya Comfort  
Leah Coveleski  
Bradley Cox  
Roger Cox  
Jill Crook  
Brandon Cross  
Bradley Crossley  
Paul Cruess  
Elizabeth Cunningham  
Lynn Daniels

Meredith Davis  
Alfred Dawson  
Paul Demere'  
Tejbir Dhillon  
Michael Dickerson  
Britney Dimmick  
John Donaldson  
William Dowis  
Debbie Dryer  
Anna Dunbar  
Eric Dutton  
Amanda Elder  
Jason Emanuel  
Patrick Eudy  
Amanda Evans  
Jennifer Evans  
Nicholas Feiler  
Michael Ferguson  
Timothy Flora  
Kyle Flynn  
Latonya Ford  
Stephanie Fritts  
Carla Furr  
Ryan Furr  
April Gallagher  
Charles Gallop  
Vedhas Gandhi  
Angela Gangemi  
Anne Gannon  
Lewis Garber  
Daniel Gardner  
Michael Garner  
Steven Garvin  
David Geci  
Robert Gentry  
Melissa Gibbons  
Chiemi Glazener  
Tawnya Glover  
Jeffrey Goller  
Ana Gonzalez  
Erica Gonzalez  
Katherine Grant  
Ross Gravely  
Tracy Green  
Rebecca Gregory

Caleb Griffith  
Karrie Grigg  
Robert Guenther  
Kimberly Gunn  
Chase Hale  
Jennifer Hall  
Andrew Hallam  
Siobhan Halloran  
Kelly Hamilton  
Robin Hardison  
Richard Hardy  
Brittany Harkey  
Benjamin Harmon  
John Hartman  
Joshua Haymond  
Patawee Heasley  
Christy Helton  
Tana Henault  
Jeng Suk Hinkle  
Christopher Holland  
William Howie  
Jamie Hoyle  
Sally Hughes  
Claude Hunt  
Tawnya Hurtt  
Kia Ikpe  
David Isgett  
Artanzia Jackson Yates  
Natalie James  
Garrett Jernigan  
Amy Johnson  
Jared Johnson  
Juan Johnson  
Daniel Jones  
Robyn Jones  
Samuel Jordan  
Brandon Kaczmarski  
Michael Kahill  
Amphone Keonakhone  
Robert Kilgore  
Patrick Kinley  
John Kledis  
Amy Kolster  
Allyson Kuegel  
Courtney Kueser

Mark Lake-Nestor  
Jared Lashley  
Joshua Lawson  
Katherine Lawson  
Austin Lee  
Larry Lee  
Ben Lehman  
John Lengyel  
Jenny Lewis  
Rosalinda Lewis  
An Li  
Chunxiao Li  
Richard Liston  
Jiajia Liu  
Ruben Lopez  
Howard Lucas  
Jie Ma  
Sarah MacLeod  
Siddhartha Maheshwari  
Todd Masi  
Jennifer Massengill  
Brandon Massie  
Yiep Mat  
Lea Matthis  
Michael May  
Sally McClure  
John McDonald  
Jessica McLawhorn  
Sarah McMillan  
Brian McNeil  
Jennifer McNeilus  
Sean McNichol  
Natalie McPeters  
Terri McQueen  
Ian Meade  
Ronak Mehta  
Christopher Meidenbauer  
Christopher Meredith  
Robby Messick  
Courtney Michelle  
Mark Mielke  
Deidra Miller  
Sarah Miller  
Jennifer Mills  
Rafik Missak

Neal Mitchell  
Charles Mohn  
Danielle Moody  
TerryJean Moody  
Bradley Moree  
Jami Morrison  
Stuart Mull  
Joseph Murphy  
Sean Murphy  
Patty Myers  
Lisa Nelson  
Margaret Nelson  
Tyiesha Nixon  
Michelle Nowlin  
David O'Dirling  
Joseph O'Neil  
Harvey Ogden  
Anastasios Omiridis  
Nancy Ouellette  
Michael Outten  
Elizabeth Overby  
Lynsey Parker  
David Passante  
Arpit Patel  
Kimberly Patterson  
Harry Pearson  
Meridith Peele  
Lori Perry  
Andrew Peters  
Athur Petzel  
Amy Phillips  
Lyle Phipps  
Gilbert Pieper  
Adam Pierson  
Suzanne Plunket  
Antonio Polce  
Jason Porter  
William Porter  
Melissa Powell  
Paige Prusia  
Denise Puckerin  
David Puder  
Meredith Puntch  
Ashley Purdy  
Eric Pusey

Erin Rash  
Terri Reid  
Jennifer Reilly  
Mary Roberson  
Susi Rojas  
John Rooney  
Todd Rowe  
Samantha Rowland  
Benjamin Russell  
Morgan Rutherford  
Brenda Sage  
Alison Scalvini  
David Schrenker  
Robert Schwarz  
Megan Shaw  
Dustin Shever  
Olanrewaju Shofoluwe  
Jon Sholar  
Angela Shrock  
Ann Skierczynski  
Nathan Skipper  
Laura Smallwood  
Blair Smith  
Bryce Smith  
Candace Smith  
Clyde Smith  
Donnieka Smith  
Michael Smith  
Thomas Smith  
Kenneth Spayd  
Megan Speziale  
Amanda Spittel  
Amy Stafford  
Robert Staley  
Priscilla Staten  
Natalie Steverson  
Justin Stiles  
Michael Stone  
Brian Stringfellow  
Sahar Sultan  
Joseph Sutton  
Matthew Swinnie  
Nashica Thompson  
Cassandra Tindell  
Lee Tinsley

Teri Tracy  
Robert Troxler  
Jennifer Turcotte  
Meredith Tuttle  
John Vann  
Taranda Vann  
Robert Vaughan  
Brandon Veler  
Gayathri Vijayagopalan  
Samantha Voreh  
Crystal Waddell  
Kimberly Walker  
Matthew Walker  
Timothy Walker  
Kristen Wallace  
Krista Waugh  
Jennifer Weaver  
Mary Webb  
Kristie Weiss  
Wen Wen

Drew Westall  
Lisa Wheeler  
Holley White  
Patrick White  
Robert Wiggins  
Lora Wiggs  
Dwayne Wilcoxon  
Lauren Williams  
Meredith Williams  
Zanjabil Williams-White  
Jenna Windschitl  
Paul Wolff  
Amanda Wooten  
Magdalena Wright  
Heather Wyant  
Cuiqiong Xie  
Amy Yuen  
Yaqin Zhao  
Zijuan Zhuge  
Samantha Zigmont

The Committee determined and accepted the grades received for the October - December 2007 exams.

Staff reviewed and recommended approval of an exam application submitted by Jeremy Lee Russell. Mr. Russell has a criminal record and provided details with his initial application to take the exam. The Committee approved staff recommendation.

Staff reviewed and recommended approval of a request submitted by Candace Anneke Gibson. Ms. Gibson is requesting a seven (7) day extension of her conditioning period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of a request submitted by Rebecca M. Wolf. Ms. Wolf is requesting an extension until May 16, 2008, of her conditioning period. The Committee approved staff recommendation.

**Request for Course Approval** - Staff reviewed and recommended disapproval regarding a hypothetical situation. An applicant originally from Romania requested approval to use Romanian History taken in Romania towards the International Environment course category as part of the 150-semester hour requirement for certification. The Committee approved staff recommendation.

**REPORT OF THE MOBILITY COMMITTEE:** Mr. Jordan, as Chair of the Mobility Committee, presented the Committee's report. Ms. Lynch and Mr. Clark moved to approve the report of the Mobility Committee which instructed the Executive Staff and Legal Counsel to

work with the NCACPA and its legal counsel to draft legislation regarding mobility. Motion passed with six (6) affirmative votes.

**EXECUTIVE STAFF AND LEGAL COUNSEL REPORT:** The Executive staff presented a report on the new costs related to the request by the NC Clean Water Management Trust Fund (NCCWMTF) for additional office space in the building. Messrs. Cox and Harris moved to deny the request for additional office space and to allow the NCCWMTF to terminate, without penalty, its current lease with the Board prior to March 31, 2009. Motion passed with six (6) affirmative votes.

**CLOSED SESSION:** Messrs. Harris and Barber moved to enter Closed Session with Executive Staff and Legal Counsel to discuss personnel matters. Motion passed.

**PUBLIC SESSION:** The Board re-entered Public Session from Closed Session.

**ADJOURNMENT:** Messrs. Jordan and Harris moved to adjourn the meeting at 12:41 p.m. Motion passed.

Respectfully submitted:

Attested to by:

  
\_\_\_\_\_  
Robert N. Brooks  
Executive Director

  
\_\_\_\_\_  
Michael C. Jordan, CPA  
Vice President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: 200407-025

IN THE MATTER OF:  
William James Black, Jr., #13117  
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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. William James Black, Jr. ("Respondent Black") is the holder of North Carolina certificate number 13117 as a Certified Public Accountant.
2. Wake County SmartStart, Inc. ("SmartStart"), filed a complaint against Respondent Black in which SmartStart alleged that Respondent Black violated NCGS 93-12(d) and (e) and 21 NCAC 08N .0103, .0201, .0212, and .0405 in preparing audits for Family Service Network, Inc. ("FSN"), a major recipient of funds from SmartStart, for the years ending June 30, 2002, and June 30, 2003.
3. Respondent Black was the auditor for FSN for more than 15 consecutive years ending with FSN's 2003 fiscal year-end audit.
4. The Board issued a Notice of Hearing for Respondent Black at its April 24, 2007, meeting, containing allegations against Respondent Black. (Exhibit 1)
5. Respondent Black contends that he did not violate the North Carolina Accountancy laws, but in lieu of further proceedings, Respondent Black 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 Black 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 Black is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

Consent Order - 2  
William James Black, Jr.

2. Respondent Black's alleged failures to comply with GAAS, GAGAS, and attestation standards represent violations of NCGS 93-12 (9)e and 21 NCAC 8N .0201, .0202, .0203, .0212, .0403., .0405, and .0406.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent Black's certificate is suspended for three (3) years; however, said suspension is stayed and Respondent Black's certificate is placed on probationary status for three (3) years subject to the timely fulfillment of each of the requirements set forth below.
2. For all audit and agreed-upon procedure services of any governmental unit, any component unit of a government unit, or any organization or entity that receives any government funds in which Respondent Black participates in, performs, and/or reviews, Respondent Black shall obtain pre-issuance review until such time as the Board determines that pre-issuance review is no longer necessary. The required pre-issuance reviews shall include a review of the working papers and the report. The pre-issuance reviewer shall be approved by the Board prior to performing said reviews. Respondent Black shall authorize and cause the pre-issuance reviewer to provide the Board with a copy of each pre-issuance review report upon its issuance.
3. Respondent Black shall reimburse the Board for its administrative costs incurred as a result of monitoring Respondent Black's compliance with the pre-issuance review requirements.
4. Respondent Black shall remit a three thousand dollar (\$3,000.00) civil penalty with this signed Order.
5. Within two years of the date this Consent Order is approved by the Board, Respondent Black shall reimburse the Board for administrative costs incurred in the investigation of this matter.

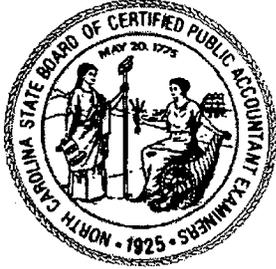
CONSENTED TO THIS THE 15<sup>th</sup> DAY OF January, 2008.

William James Black, Jr.  
Respondent

Consent Order - 3  
William James Black, Jr.

APPROVED BY THE BOARD THIS THE 18 DAY OF February,  
2008.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: Michael C. Jordan  
Vice President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

Case: #200407-025

IN THE MATTER OF:  
William James Black, Jr., #13117  
Respondent

NOTICE OF HEARING

The North Carolina State Board of Certified Public Accountant Examiners has received evidence which if admitted at hearing would show that:

1. Respondent is the holder of a certificate as a Certified Public Accountant in North Carolina and is subject to the provisions of Chapter 93 of the General Statutes of North Carolina 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. Respondent was the auditor for Family Service Network, Inc. (FSN), for more than 15 consecutive years which ended with FSN's 2003 fiscal year-end audit.
3. As the auditor for FSN, Respondent knew or should have known that the by-laws of FSN required no less than eleven (11) board members; yet, the FSN board was operating with five (5) board members during certain periods covered by Respondent's audits. However, there was no mention by Respondent of this violation of the by-laws in a management letter or in audit findings.
4. Respondent was aware or should have been aware and noted in audit findings or a management letter that:
  - a. The executive director of FSN, Dr. Corey Carlberg (Carlberg), was not receiving a 1099 or a W-2 from FSN because Carlberg was claiming a ministerial exemption to establish his status as an independent contractor rather than as an employee, despite the fact that,
  - b. Carlberg was not offering ministerial services to FSN and, therefore, would not qualify for the ministerial exemption under IRS regulations, and that
  - c. Carlberg was receiving employee benefits such as medical and dental coverage and, therefore, should have been issued a W-2 or a 1099.

Notice of Hearing - 2  
William James Black, Jr.

5. Respondent was aware that Carlberg's wife was working for FSN as the director of human resources and that she reported directly to Carlberg. Respondent was also aware that Carlberg's wife received a 31% salary increase at a time other than when normal salary increases were awarded. However, there was no mention by Respondent of these facts in a management letter or in audit findings.
6. As the auditor for FSN, Respondent knew or should have known that the by-laws of FSN required two (2) authorized signatures on any check, draft, or other order of payment in excess of five thousand dollars (\$5,000.00). Although available, records show that Carlberg departed from this internal control procedure many times, these departures were not noted by Respondent in a management letter or in audit findings.
7. Respondent was aware or should have been aware that there were internal control weaknesses related to the use of FSN business credit cards. During the periods covered by Respondent's audits of FSN, Carlberg charged hotel rooms and personal items to the FSN business credit card. Respondent failed to detect or report such instances.
8. Respondent's 2003 FSN audit workpapers contained documentation which indicated that Respondent was aware that FSN was receiving services from a technology company, doing business as Flaming Hat Technologies, Inc. (Flaming Hat), that was not registered with the Secretary of State and which appeared to be overcharging for services provided to FSN. Respondent was aware that Carlberg's son worked for the unregistered, fictitious company and that no 1099 was being issued by FSN to Flaming Hat. However, there was no mention by Respondent of these findings in a management letter and Respondent failed to inquire further into the status of Flaming Hat or its relationship with Carlberg.
9. From 2002 to 2003, Smart Start grants to FSN materially decreased from 7.9 million to .5 million, yet Respondent did not disclose this fact in the notes to the financial statements for the 2003 audit nor was there evidence of any discussion of this fact in the audit workpapers for FSN's 2003 audit.
10. Respondent was aware, or should have been aware, that FSN was not in compliance with contract procedures required by grantor agencies providing funds to FSN; yet, Respondent did not identify nor disclose such violations in the 2001-2003 audits or in management letters for these audits.

11. The former finance director of FSN, Ms. Gail Kelly (Ms. Kelly), alleged that Dr. Carlberg was involved in embezzlement, fraud, and misappropriation of funds and that he did not receive a 1099 or W-2 from FSN. The allegations and detailed documentation were originally provided to the FSN Board and Respondent, and were later provided to Wake County Smart Start, the North Carolina Department of Health and Human Services, Wake County Human Services, and the Wake County District Attorney's Office.
12. In response to the allegations made by FSN's former finance director about the conduct of Carlberg, FSN's board engaged Respondent to prepare an agreed upon procedure report to verify or refute the allegations or to determine if a further inquiry was appropriate.
13. During the agreed-upon procedures engagement, Ms. Kelly and Ms. Christy Smith (formerly Ms. Gaudette), former employees of FSN, provided Respondent with allegations and evidence, through documentation and inquiries, indicating fraudulent activities involving Carlberg and Flaming Hat. Ms. Kelly provided Respondent with evidence (a copy of the actual check) that Carlberg had, in fact, signed and endorsed a FSN check payable to Flaming Hat. Ms. Kelly also provided evidence to Respondent that Carlberg himself controlled all transactions involving Flaming Hat and that Flaming Hat had fraudulently billed FSN for services and equipment. In an interview with Respondent, Ms. Smith provided evidence that in 2001 Carlberg made a personal loan to her and her ex-husband in the amount of one thousand dollars (\$1,000.00) and that the check was written on the Flaming Hat checking account and signed by Carlberg. Ms. Smith stated, in this interview with Respondent, that Flaming Hat billed FSN for services that had actually been performed by FSN employees. Ms. Smith also stated that a technology intern, Shaun Osborne, who worked on-site at FSN was confused because he was under the impression that he was working for FSN, yet he was being paid by Flaming Hat with a check brought to him by Carlberg.
14. Based on the information provided by Ms. Kelly and Ms. Smith, Respondent knew or should have known that Flaming Hat was a shell company established by Carlberg which he used fraudulently for his own personal gain by either overcharging FSN for services or charging for services never rendered. The fact that Flaming Hat was a shell company being fraudulently used by Carlberg was later verified in an investigation conducted by the Wake County Quality Assurance Office based upon information that was readily available to Respondent during the agreed upon procedure engagement.

Notice of Hearing - 4  
William James Black, Jr.

15. During the agreed-upon procedures engagement, Respondent failed to exercise professional skepticism and due care, and accepted less than persuasive evidence in obtaining reasonable assurance that these allegations were false.
16. In his 2004 agreed-upon procedures report, Respondent specifically stated that he interviewed current and former FSN employees; yet, Ms. Kelly was never interviewed by Respondent even though she was the person who initiated the allegations regarding Carlberg. Ms. Smith, a former employee, was interviewed but the allegations and the documents that she provided to Respondent during her interview were neither documented in the agreed-upon procedures workpapers nor disclosed in the report.
17. In accordance with AT 201.06 (h), "evidential matter related to the specific subject matter to which the procedures are applied is expected to exist to provide a reasonable basis for expressing the findings in the practitioner's report." However, because Flaming Hat's company records were not requested by Respondent or made available to Respondent, Respondent failed to examine such information, to verify or refute, that Carlberg financially benefited from payments made to Flaming Hat since.
18. In accordance with AT 201.24, a practitioner should present the results of applying agreed-upon procedures to the specific subject matter in the form of findings. The practitioner should not provide negative assurance about whether the subject matter or the assertion is fairly stated based on the criteria. However, Respondent provided a negative assurance in his agreed-upon procedures report as follows: "We have found no conclusive evidence that the ED is benefiting financially from the relationship with Flaming Hat."
19. Respondent's failures to maintain an independence in mental attitude and to exercise due professional care in performing audit and agree-upon procedures services for FSN as noted in paragraphs 3 - 18 above represent violations of standards as promulgated by the American Institute of Certified Public Accountants (AICPA) and Generally Accepted Government Auditing Standards (GAGAS) including AU 220, AU 230, AT 101.35 - .38, AT 201.06, AT 201.12, AT 201.24, GAGAS 3.34, GAGAS 3.36, GAGAS 3.37, GAGAS 4.17, GAGAS 5.12, GAGAS 6.15, and GAGAS 6.32.
20. If proven at a hearing pursuant to NCGS 150B, Respondent's failures to comply with GAAS represent violations of NCGS 93-12 (9)e and 21 NCAC 8N .0201, .0202, .0203, .0212, and .0403.

Notice of Hearing - 5  
William James Black, Jr.

21. If proven at a hearing pursuant to NCGS 150B, Respondent's failures to comply with attestation standards represent violations of NCGS 93-12 (9)e and 21 NCAC 8N .0201, .0202, .0203, .0212, and .0406.
22. If proven at a hearing pursuant to NCGS 150B, Respondent's failures to comply with GAGAS represent violations of NCGS 93-12 (9)e and 21 NCAC 8N .0201, .0202, .0203, .0212, and .0405.

The discipline which the Board may impose on Respondent for violation of said statutes and rules includes censure, revocation of license for a period of time or permanently or civil penalties of up to \$1,000.00 per infraction.

Pursuant to North Carolina General Statutes Chapter 150B-38, you are entitled to a public hearing on this matter. This notice is to advise you that, unless this matter is resolved by consent, the Board will hear this matter in the Board offices at 1101 Oberlin Road in Raleigh, on September 19, 2007 at 10:00 a.m. If you are not present, a decision may be reached in your absence, and you may be deemed to have waived your right to a hearing.

Pursuant to North Carolina General Statutes 150B-40(d), you may not communicate regarding this matter, directly or indirectly, with any individual member of the Board.

If you have questions, or additional pertinent evidence, or proof of compliance, or desire to attempt to resolve this matter informally, you may contact the Board's Executive Director, Robert N. Brooks, (919) 733-1425, rbrooks@nccpaboard.gov; or its legal counsel, Noel L. Allen, Attorney at Law, Allen & Pinnix P.A., P.O. Drawer 1270, Raleigh, NC 27602, (919) 755-0505, nla@allen-pinnix.com.

This notice is issued the 24<sup>th</sup> day of April, 2007



BY: Atty Wintead  
North Carolina State Board of  
Certified Public Accountant Examiners

NORTH CAROLINA  
WAKE COUNTY

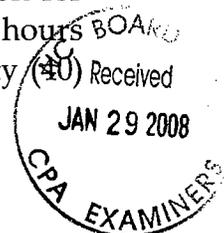
BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2007732

IN THE MATTER OF:  
James G. Walker, #18254  
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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 18254 as a Certified Public Accountant.
2. Respondent informed the Board on his 2006-2007 individual certificate renewal (renewal) that he had obtained forty-four (44) hours of continuing professional education (CPE) to meet the 2005 CPE requirement. Further, Respondent informed the Board on the renewal that he earned some of said CPE between January 1, 2006, and June 30, 2006.
3. Based on Respondent's representation that prior to June 30, 2006, he had completed a total of forty-four (44) hours of CPE which included eight (8) hours of carryforward from 2004, the Board accepted his renewal and placed his certificate on conditional status until December 18, 2007.
4. Board staff requested, by letter, that prior to February 1, 2007, Respondent provide course listings for the CPE reported to meet his 2005 CPE requirement and his 2006 CPE requirement.
5. Respondent, on his "2005 Report of CPE for CPAs on Conditional Status," provided CPE course listings to the Board indicating four (4) hours of CPE taken between January 1, 2006 and June 30, 2006. Respondent, on his 2007-2008 renewal, indicated that he had obtained forty (40) hours of CPE, including four (4) hours of carryforward, to meet the 2006 CPE requirement. However, upon examination of Respondent's certificates of completion for his CPE hours for 2006, Respondent had completed only thirty-six (36) hours of CPE, including four (4) hours of carryforward, toward the 2006 forty hour CPE 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 8 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 8C, the Board and Respondent agree to the following Order:

1. Respondent's application for renewal is 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 not apply for the reinstatement of his certificate for at least ninety (90) days from the date the Board receives Respondent's forfeited certificate and until the civil penalty required in number five (5) of this Order has been paid by Respondent.
4. Respondent may apply to return his certificate to active status by submission and approval of a reinstatement application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. 3 moral character affidavits, and
  - d. 44 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 self study format.



Consent Order - 3  
James G. Walker

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted within six 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.

CONSENTED TO THIS THE 15<sup>th</sup> DAY OF January, 2007<sup>8</sup>.

J. G. Walker

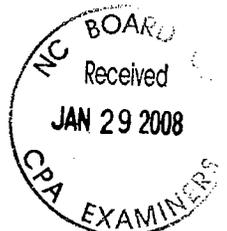
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF February, 2007<sup>9</sup>.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: Michael C. Jordan  
Vice President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2007733

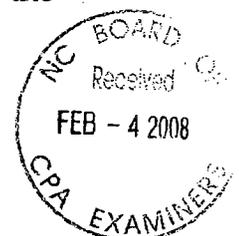
IN THE MATTER OF:

Julius O. Spradley, Jr., #21825  
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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 21825 as a Certified Public Accountant.
2. Respondent informed the Board on his 2006-2007 individual certificate renewal (renewal) that he had obtained forty-two (42) hours of continuing professional education (CPE) to meet the 2005 CPE requirement. Further, Respondent informed the Board on the renewal that he earned some of said CPE between January 1, 2006, and June 30, 2006.
3. Based on Respondent's representation that prior to June 30, 2006, he had completed a total of forty-two (42) hours of CPE, which included two (2) hours of carryforward from 2004, the Board accepted his renewal and his certificate on conditional status until December 18, 2007.
4. Board staff requested, by letter, that prior to February 1, 2007, Respondent provide course listings for the CPE reported to meet his 2005 CPE requirement.
5. Respondent, on his "2005 Report of CPE for CPAs on Conditional Status," provided CPE course listings to the Board indicating four (4) hours of CPE taken between January 1, 2006, and June 30, 2006. Respondent, on his 2007-2008 renewal, indicated he had obtained forty-six (46) hours of CPE, including six (6) hours of carryforward, to meet the 2006 CPE requirement. However, upon examination of his certificates of completion for his CPE hours for 2006, Respondent had failed to take a North Carolina ethics course in 2006, or before June 30, 2007, as reported that he had complied with the requirements on his renewal.



Consent Order - 2  
Julius O. Spradley, Jr.

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 8 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 8C, the Board and Respondent agree to the following Order:

1. Respondent's application for renewal is 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 not apply for the reinstatement of his certificate for at least ninety (90) days from the date the Board receives Respondent's forfeited certificate and until the civil penalty required in number five (5) of this Order has been paid by Respondent.
4. Respondent may apply to return his certificate to active status by submission and approval of a reinstatement application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. 3 moral character affidavits, and
  - d. 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 self study format.



Consent Order - 3  
Julius O. Spradley, Jr.

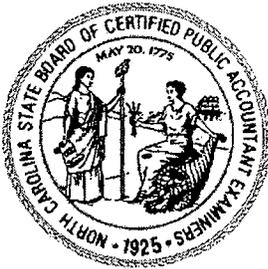
5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted within six months of the date this signed Order is accepted by the Board.
6. Respondent agrees that failure to timely comply with any terms of this agreement and consent order shall be deemed sufficient grounds for revocation of his license.

CONSENTED TO THIS THE 15<sup>th</sup> DAY OF February, ~~2007~~ <sup>2008</sup>.

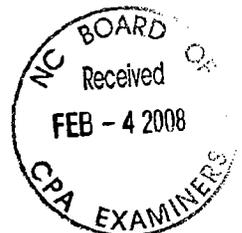
  
Respondent

APPROVED BY THE BOARD THIS THE 13 DAY OF February, ~~2007~~ <sup>2008</sup>.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

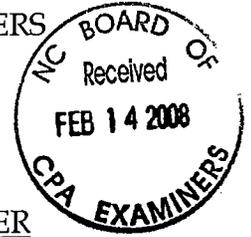


BY:   
Vice President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: 200605-043



IN THE MATTER OF:  
Vernice Chaitan Woltz, #25627  
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 NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 25627 as a Certified Public Accountant.
2. On August 8, 2006, Respondent forfeited her North Carolina CPA certificate for failure to renew. The Board retains jurisdiction over Respondent in that she currently remains eligible for reinstatement under the Board rules inasmuch as she has not been revoked and additionally because the conduct in question occurred during the time when Respondent was actively licensed.
3. Respondent signed on January 26, 2007, and the United States District Court for the Western District of North Carolina Charlotte Division approved and accepted, a Plea Agreement with Respondent, pursuant to Criminal Action 3:06CR74-4, which included a statement signed by Respondent admitting the factual basis of her plea. (Exhibit I)
4. Respondent pleaded guilty to Obstruction of the Due Administration of Law, and the United States District Court, on July 18, 2007, adjudicated that Respondent was guilty. (Exhibit II)
5. Respondent was sentenced to a prison term which was determined by the Court to represent her prison time already served, was placed on supervised release for two (2) years, and was assessed a \$100.00 criminal monetary penalty.
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.

A handwritten signature in black ink, appearing to read "Tom Woltz".

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.

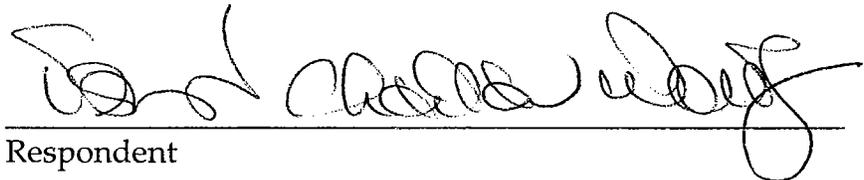
BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 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 conviction by the Court is a violation of NCGS 93-12(9)a, b, d, and e and 21 NCAC 08N .0201, .0202, .0203, and .0204.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

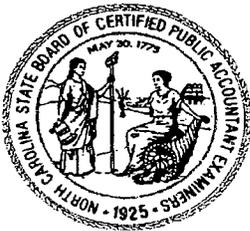
1. The Certified Public Accountant certificate issued to Respondent, Vernice Chaitan Woltz, is hereby permanently revoked.

CONSENTED TO THIS THE 12 DAY OF FEBRUARY, 2008.

  
Respondent

APPROVED BY THE BOARD THIS THE 18 DAY OF FEBRUARY, 2008.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
Vice President



FILED  
CHARLOTTE, N. C.

JAN 29 2007

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION

U. S. DISTRICT COURT  
W. DIST. OF N. C.

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
(4) VERNICE CHAITAN WOLTZ )

DOCKET NO. 3:06CR74-Britt

PLEA AGREEMENT

NOW COMES the United States of America, by and through Gretchen C.F. Shappert, United States Attorney for the Western District of North Carolina (Matthew T. Martens and Kurt W. Meyers, Assistant United States Attorneys, appearing), and the defendant, Vernice C. Woltz, in person and through counsel, J. Kirk Osborn, Esq., and respectfully inform the Court that they have reached the following agreement:

I. Plea

1. The defendant agrees to enter a voluntary plea of guilty to Count Ten as set forth in the Bill of Indictment, and admits to being in fact guilty as charged in that count. A factual statement summarizing the defendant's conduct is attached hereto as Exhibit 1.

2. If the Court finds the defendant's plea to be voluntarily and knowingly made, and accepts the plea, then this Office will move at the appropriate time to dismiss the remaining counts of the Bill of Indictment as they apply to the defendant. In addition, this Office hereby agrees that it will not prosecute the defendant for offenses fully disclosed as of the date of this Plea Agreement.

3. The defendant agrees that the Court may consider any such dismissed counts and all pertinent information as "relevant conduct," *United States Sentencing Guidelines* [U.S.S.G.] § 1B1.3. The Court may also consider any dismissed count as a "conviction" for purposes of 28 U.S.C. §§ 1918 (costs of prosecutions, including fines and forfeitures) and 1920 (court costs, including fees for interpreters), as well as for purposes of forfeiture and restitution.

II. Sentence

4. The defendant is aware that the statutory maximum sentences for the relevant count is as follows:

Count Ten (obstruction): a \$250,000 fine, no more than ten (10) years imprisonment, or both, and no more than three (3) years supervised release.

5. The defendant understands that supervised release is a term of supervision that runs consecutively to any sentence of incarceration and that if the Court imposes a term of supervised release, the United States Probation Office will supervise her during that term and

NC BOARD OF CPAs  
Received  
FEB 14 2008  
NC BOARD OF CPAs  
Received  
FEB 16 2007  
CPA EXAMINERS

Exhibit I

will require that she make regular reports and visits to its office. The defendant understands that a violation of the conditions of supervised release may subject her to an additional period of incarceration up to the maximum term of years imposed as supervised release.

6. The defendant is aware that the Court will consider the *United States Sentencing Guidelines* in determining the appropriate sentence, and that the sentence will be without parole. The defendant is further aware that the Court has not yet determined the sentence, that any estimate from any source, including defense counsel, of the likely sentence is a prediction rather than a promise, and that the Court has the final discretion to impose any sentence up to the statutory maximum for each count. The defendant further understands that no recommendations or agreements by the United States are binding upon the Court.

7. With regard to the Sentencing Guidelines, the defendant and the United States, pursuant to Fed.R.Crim.P. 11(c)(1)(B), stipulate and agree to recommend to the Court as follows:

a. The offense level for the subject offense is as follows:

Base Offense Level [U.S.S.G. § 2J1.2(a)]:

14

Specific offense characteristics:

Extensive in scope [USSG § 2J1.2(b)(3)]

+ 2

Adjusted Offense Level:

16

b. Provided that the defendant clearly demonstrates acceptance of responsibility for her criminal conduct by, among other things, acknowledging to the Government, the Probation Office, and the Court the nature and extent of all relevant criminal conduct, the Government will recommend a two-level reduction in offense level pursuant to U.S.S.G. § 3E1.1(a). Provided that the defendant has further assisted authorities in the investigation or prosecution of her own misconduct by timely notifying authorities of her intention to enter a plea of guilty, the Government will move for an additional one-level reduction in offense level pursuant to U.S.S.G. § 3E1.1(b). The United States will determine in its sole discretion whether to move for the additional one-level reduction. However, the defendant understands that any reduction in offense level is ultimately for the Court's determination.

c. The defendant and the United States agree that the appropriate sentence is one within "the applicable guideline range" (U.S.S.G. § 5C1.1) and that neither party will seek, suggest, or otherwise argue in favor of a variance or departure from that range.

d. No other Chapter 2, 3, 4, or 5 enhancements or reductions apply.



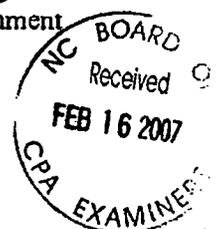
8. The defendant and the Government agree, in accordance with U.S.S.G. § 1B1.8, that any information the defendant provides pursuant to this agreement, that was previously unknown to the Government, shall not be used against her to increase her sentence. However, such information may be used (a) as proof of the charges to which she shall plead guilty, (b) to determine the amount of restitution due or the amount of tax, interest and penalties due; or (c) in connection with any federal, state, or local prosecution of other persons or for investigative leads. Notwithstanding the above, the defendant understands and agrees that if she should fail to fulfill completely each and every one of her obligations under this Plea Agreement, then the Government will be free from its obligations under the Plea Agreement and the defendant shall be fully subject to criminal prosecution as if this Plea Agreement had never existed. In any such prosecution, the prosecuting authorities, whether federal, state, or local, shall be free to use against her, without limitation, any and all information, in whatever form, that she has provided pursuant to this Plea Agreement or otherwise. The defendant shall not assert any claim under the United States Constitution, any statute, Fed.R.Crim.P. 11(f), Fed.R.Evid. 410, or any other provision of law, to attempt to bar such use of the information. The defendant may, however, claim in a court of competent jurisdiction that she has not breached the agreement as a bar to the use of information provided by her.

9. The defendant agrees to pay full restitution, regardless of the resulting loss amount, which restitution will be included in the Court's Order of Judgment. The defendant agrees that such restitution will include all victims directly or indirectly harmed by the defendant's "relevant conduct," including conduct pertaining to any dismissed counts or uncharged conduct, as defined by U.S.S.G. § 1B1.3, regardless of whether such conduct constitutes an "offense" under 18 U.S.C. §§ 3663 or 3663A. The defendant consents to a civil judgment in state or federal court concerning a claim filed by a "victim" as defined in 18 U.S.C. §§ 3663(a)(2) and 3663A(a)(2). The defendant understands that with a Judgment and Commitment Order that requires the payment of restitution, a lien will be filed on her property. Defendant also understands that her obligation to make restitution shall last for twenty years after the entry of the judgment, release from imprisonment, or until her death. 18 U.S.C. § 3613.

For the preparation of her Presentence Report, the defendant agrees to cooperate fully with and make a full disclosure of all current and projected assets and property to the United States Probation Office. If the defendant is ordered to serve a term of supervised release or probation, she agrees to make a full disclosure of her assets and property to the United States Probation Office prior to the termination of her supervised release or probation. If the defendant should fail to make the aforementioned full disclosures, then the United States will be relieved of its obligations under the Plea Agreement, but the defendant will not be allowed to withdraw her guilty plea.

10. The parties agree that the Court shall set the amount of fine and shall consider the Fine Table in U.S.S.G. § 5E1.2 as advisory.

11. If more than \$500.00 in restitution, fines, and/or assessment is owed to the United States government, a lien will be filed. The defendant understands that if a lien is filed against her property, her obligation to pay restitution shall last for twenty years after any imprisonment.



ordered or until her death. 18 U.S.C. § 3613.

12. The defendant hereby agrees to pay the total amount required for assessment (\$100) to the Clerk, United States District Court, before 5:00 p.m. on the date of sentencing. The defendant further agrees to participate in the Inmate Financial Responsibility Program to the extent necessary to fulfill all financial obligations due and owing under this agreement and the law.

### III. Procedure

13. The defendant agrees that a duly-qualified federal Magistrate Judge may conduct the hearing required by Fed. R. Crim. P. 11.

14. The defendant stipulates that there is a factual basis for the plea of guilty and that the Court may use the offense conduct set out in the Presentence Report, except any facts to which the defendant has objected, to establish a factual basis for the defendant's plea.

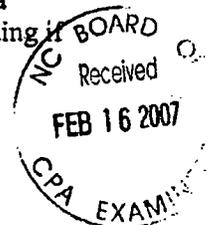
### IV. Waivers

15. The defendant understands and agrees that if she should fail to specifically perform or to fulfill completely each and every one of her obligations under this Plea Agreement, then the United States will be relieved of its obligations under the agreement, but the defendant will not be allowed to withdraw her guilty plea.

16. The defendant also understands that this Plea Agreement is expressly conditioned on the execution of the Plea Agreement, and the entry and acceptance of a guilty plea pursuant to that agreement, by co-defendant Howell W. Woltz (hereafter, "H. Woltz") in this matter. In addition, as a condition of this Plea Agreement, the Government has agreed to recommend immediately the release of V. Woltz, upon acceptance of her guilty plea, from pre-trial detention, subject to appropriate conditions of release (including reasonable travel authorization). This recommendation is made at the request of H. Woltz. Accordingly, if the defendant subsequently violates the terms of her plea agreement, including any effort to withdraw her guilty plea, then the defendant agrees that the United States will be relieved of its obligations under this Plea Agreement, but defendant H. Woltz will not be allowed to withdraw his guilty plea.

17. The defendant is aware that the law provides certain limited rights to withdraw a plea of guilty. The defendant has discussed these rights with defense counsel and knowingly and expressly waives any right to withdraw the plea once the Magistrate Judge has accepted it.

18. The defendant acknowledges that Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410 are rules which ordinarily limit the admissibility of statements made by a defendant in the course of plea discussions or plea proceedings if a guilty plea is later withdrawn. The defendant knowingly and voluntarily waives the rights which arise under these Rules. As a result of this waiver, she understands and agrees that any statements which are made in the course of her guilty plea or in connection with her cooperation pursuant to this plea agreement will be admissible against her for any purpose in any criminal or civil proceeding if



her guilty plea is subsequently withdrawn.

19. The defendant understands and agrees that by pleading guilty, she is expressly waiving the following rights:

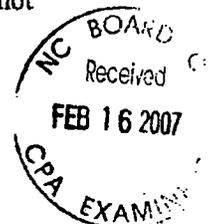
- a. to be tried by a jury;
- b. to be assisted by an attorney at trial;
- c. to confront and cross-examine witnesses; and,
- d. not to be compelled to incriminate herself.

20. Defendant and defendant's counsel warrant that they have discussed: (1) defendant's rights pursuant to 18 U.S.C. § 3742, 28 U.S.C. § 2255, and similar authorities to contest a conviction and/or sentence through an appeal or post-conviction after entering into a plea agreement; (2) whether or not there are potential issues which might be relevant to an appeal or post-conviction action; and (3) the possible impact of any such issue on the desirability to the defendant of entering into this plea agreement. Defendant, in exchange for the concessions made by the United States in this plea agreement, waives all such rights to contest the conviction and/or the sentence except for: (1) claims of ineffective assistance of counsel; or (2) prosecutorial misconduct. Also, in exchange for the concessions made by the United States, defendant agrees that the United States preserves all its rights and duties with respect to appeal as set forth in 18 U.S.C. § 3742(b), while the defendant waives all rights to appeal or collaterally attack the sentence of conviction with the two exceptions set for above. This agreement does not limit the United States in its comments in or responses to any appellate or post-conviction matters.

21. The defendant waives all rights, whether asserted directly or by a representative, to request or to receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a.

22. The defendant stipulates that any sentence that falls within the applicable guideline range as determined by the United States Probation Office and pursuant to any departures from the applicable range as recommended by the government is *per se* reasonable. The defendant waives any right to contest such a sentence on the basis that the Court's imposition of such a sentence was unreasonable or an abuse of its discretion.

23. Should this Plea Agreement be violated by the defendant or the defendant's conviction following her guilty plea pursuant to this agreement be vacated for any reason, then any prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this agreement (including any counts that the Government has agreed to dismiss at sentencing pursuant to this agreement) may be commenced or reinstated against the defendant, notwithstanding the expiration of the statute of limitation between the signing of this agreement and the commencement or reinstatement of such prosecution. It is the intent of this agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this agreement is signed.



24. The defendant waives any and all venue objections, pursuant to Federal Rule of Criminal Procedure 18, the United States Constitution, or otherwise, and expressly consents to the prosecution of this matter in the Western District of North Carolina.

25. The defendant agrees to waive any rights under the Speedy Trial Act and understands and agrees that sentencing may be delayed until the cooperation phase has been completed and title to all assets have fully vested in the United States. This waiver is necessary so that the Court will have the benefit of all relevant information at sentencing.

#### V. Assistance to Government

26. If requested by the United States (including, but not limited to, the Commodity Futures Trading Commission and the Securities & Exchange Commission), but only if so requested, the defendant agrees to cooperate with the United States, including but not limited to the following:

a. The defendant will provide truthful information about the subject charges and about any other criminal activity within the defendant's knowledge to any government agent or agency that the United States designates.

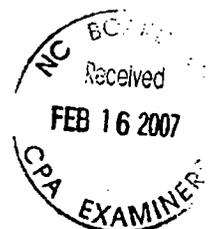
b. The defendant will testify truthfully in any trial, hearing, or grand jury proceeding, including, but not limited to, testimony against any co-defendants as the United States designates.

c. The defendant hereby waives any attorney-client privilege or work-product protection with regard to attorneys involved in the transactions under investigation. This agreement to waive such privileges and protections shall not apply with regard to the defendant's criminal defense counsel.

d. The defendant will truthfully disclose all monies, negotiable instruments, securities, or other things of value that are proceeds of or have been involved in, or have been used or intended to be used to facilitate a violation of state or federal law. The defendant further agrees to voluntarily forfeit said property to the United States.

e. In the event that the defendant's cooperation includes testifying, the defendant hereby waives payment of any witness fees or expenses to which she may be otherwise entitled pursuant to 28 U.S.C. § 1821.

f. The defendant understands that the United States desires only truthful and accurate information and testimony and, in fact, that knowingly giving false information or testimony can be prosecuted as an additional criminal offense. Further, if the defendant knowingly gives false testimony, the United States will be relieved of its obligations under this Plea Agreement, except that the defendant's plea of guilty and the resulting guilty verdict will stand.



g. The defendant will not violate any federal, state, or local law, or any order of any court, including any conditions of pretrial, pre-sentence, or post-sentence release.

h. Nothing that the defendant discloses pursuant to this Plea Agreement will be used against her in any other criminal proceeding, subject to the following exceptions:

1.) the United States or other jurisdiction may use any and all relevant information regarding crimes of violence;

2.) the United States may use any and all information as necessary in a prosecution for perjury, or in any trial for impeachment or rebuttal;

3.) if the defendant withdraws her plea of guilty, the United States may use any and all disclosures in any subsequent trials or criminal proceedings;

4.) if the defendant violates any of the terms of this Plea Agreement, including the obligation to provide truthful information, then the United States may use any and all disclosures in subsequent trials or criminal proceedings; and,

5.) the United States may make indirect use of any information that the defendant provides, including investigative leads or other witnesses.

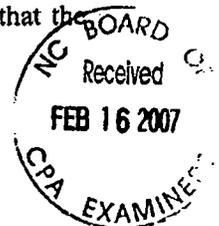
i. The defendant's obligation under this section is a continuing one, and will continue after sentencing until all investigations and/or prosecutions to which the defendant's cooperation may be relevant have been completed. This provision is a material condition of this Plea Agreement and of all benefits that accrue to the defendant pursuant to this agreement.

j. In the interests of fulfilling all obligations under this section, the defendant agrees to waive all rights under Chapters 213 and 208 of Title 18 until such time as the United States determines that all relevant investigations and/or prosecutions have been completed.

k. The defendant fully understands that any breach of this agreement, including but not limited to withholding information, misleading the United States or any law enforcement officer, or failing to testify truthfully at any trial, grand jury, or other judicial proceeding, will allow the government, in its sole discretion, to withdraw from its obligations under this Plea Agreement. In such event, the United States will be free to proceed on any properly-filed pending, superseding, or additional charges, including any charges dismissed pursuant to this agreement.

27. When and if the defendant assists the government as described above:

a. For purposes of calculating the appropriate sentence under the *United States Sentencing Guidelines*, the United States, in its sole discretion, will determine whether said assistance has been substantial. The Government has determined that the



assistance provided by the defendant and his wife to date has been substantial. Furthermore, to the extent provided by law, the defendant's substantial assistance to the Government, if any, may be considered in the sentencing of her husband, H. Woltz.

b. Upon a determination that the defendant has rendered substantial assistance, the government may make a motion pursuant to U.S.S.G. § 5K1.1 for imposition of a sentence below the applicable Sentencing Guidelines. The United States may also, within its sole discretion, move the Court pursuant to 18 U.S.C. § 3553(e) to impose a sentence below any applicable statutory mandatory minimum.

The defendant recognizes that the Court cannot depart below the Sentencing Guidelines for substantial assistance [U.S.S.G. § 5K1.1] absent a motion from the United States. The defendant further recognizes that, even if the United States makes a recommendation pursuant to U.S.S.G. § 5K1.1, the Court cannot depart below the statutory minimum unless the United States also includes a specific recommendation pursuant to 18 U.S.C. § 3553(e).

c. Regardless of the nature and extent of any substantial assistance that the defendant renders, the United States will not move for a downward departure if the defendant also knowingly furnishes information that is materially false.

d. Any determination that the defendant has failed to provide substantial assistance or has knowingly provided false information is within the sole discretion of the United States, and the defendant waives all objections and rights of appeal or collateral attack of such a determination.

e. The defendant understands that if the United States makes a motion for downward departure, the motion is not binding on the District Court. The Court will determine in its discretion whether to grant or deny such departure and the extent of the departure.



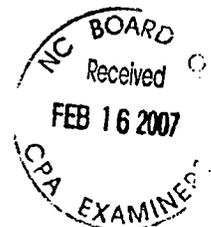
## VI. Forfeiture

28. The defendant agrees to truthfully complete a financial statement form provided by the United States Attorney. The defendant shall date said form and sign it under penalty of perjury, thereby acknowledging that her financial statement fully and completely discloses her financial condition as of the date it is signed. Defendant shall update the financial statement with any material changes to her financial condition. Defendant shall provide her signed and dated financial statement within 30 days of her signature on this Plea Agreement and any updates within seven days of the event changing her financial condition. Defendant understands and agrees that her financial statement will be used for the collection of any fine or restitution ordered by the Court, and the identification of property subject to forfeiture. The parties agree that the defendant's failure to timely and accurately complete and sign a financial statement and any update may, in addition to any other penalty or remedy authorized by law, constitute her failure to accept responsibility under U.S.S.G. § 3E1.1.

29. Attached hereto as Exhibit 2 is a list of the defendant's assets subject to forfeiture. The defendant agrees to the forfeiture of any interest she or any members of her family may have in the items in Exhibit 2. The defendant agrees to take whatever steps are necessary to pass clear title to the United States and to repatriate funds or property held outside the United States, regardless of whether such funds or property are held in the name of the defendant or entities that she controls and regardless of whether such funds or property are held for the benefit of the defendant or others. These steps include, but are not limited to, surrender of title, the signing of a consent decree, a stipulation of facts regarding the transfer and basis for the forfeitures, and signing any other documents necessary to effectuate such transfers. If and when requested to do so by the government, defendant agrees to ask any nominee holder of the property to execute a form waiving all rights to the property and consenting to forfeiture and/or use of the property for restitution. In addition, the defendant agrees to the entry of a preliminary order of forfeiture as to all of her interest in this property.

30. The United States and the defendant enter into this agreement on the basis of the defendant's express representation that she is making a full and complete disclosure of all assets she owns, controls, or in which she has a possessory or beneficial interest. If the United States later discovers that the defendant has not fully disclosed all such assets, the United States, in its sole discretion, may withdraw from its obligations under this Plea Agreement. However, the defendant's guilty plea will stand. Alternatively, the United States may seek the forfeiture of any subsequently-discovered assets, in which case the defendant agrees that any such undisclosed assets are subject to forfeiture under this Plea Agreement just as if they had been properly disclosed and listed herein.

31. This agreement does not bind the Internal Revenue Service or affect its authority to collect taxes. The defendant agrees to take all necessary steps to file promptly any an all federal and state individual and corporate income tax returns not filed for previous tax years and to pay any and all taxes, penalties, and interest due as a result of the filing of such.



32. The defendant agrees to a pre-plea investigation by the United States government for the purpose of assessing the value of each and every asset. The defendant agrees to undergo full debriefing in order to accomplish this end.

**VII. Conclusion**

33. As a condition of this Plea Agreement, the Government has agreed to recommend the release of the defendant from pre-trial detention upon entry of her guilty plea, subject to appropriate conditions of release.

34. The defendant understands that if she breaches this Plea Agreement, or violates any federal, state or local law, or any order of any court, including any condition of pre-trial or pre-sentence, or post-sentence release, the United States will be relieved of its obligations under this Plea Agreement, but the defendant will not be allowed to withdraw her guilty plea. The United States will be free to proceed on any properly-filed dismissed, pending, superseding, or additional charges.

35. There are no agreements, representations, or understandings between the parties in this case, other than those explicitly set forth in this Plea Agreement and none will be entered into unless executed in writing and signed by all parties.

SO AGREED:

GRETCHEN C.F. SHAPPERT, UNITED STATES ATTORNEY

Matthew T. Martens  
Matthew T. Martens, Assistant United States Attorney

DATED: 1/26/07

Vernice C. Woltz  
Vernice C. Woltz, Defendant

DATED: Jan 26, 2007

**Acknowledgment of Attorney**

I have read each of the pages constituting this plea agreement, reviewed them with my client, and discussed the provisions of this agreement with my client fully. These pages accurately and completely set forth the entire plea agreement.

J. Kirk Osborn  
J. Kirk Osborn, Attorney for Defendant

DATED: Jan 26, 2007



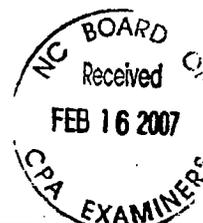
**EXHIBIT 1**

**FACTUAL BASIS FOR THE PLEA  
OF VERNICE C. WOLTZ**

This statement is submitted to provide a factual basis for my plea of guilty to the conspiracy charge filed against me:

**Relevant People and Entities**

1. Sterling Trust Ltd. (hereafter, "Sterling Trust") was an Anguillan corporation that maintained offices in Anguilla, British West Indies.
2. Sterling ACS Ltd. (hereafter, "Sterling ACS") was a Bahamian corporation in the business of incorporating off-shore entities and providing related financial services.
3. Howell Way Woltz (hereafter, "H. Woltz"), a co-conspirator elsewhere indicted, was the president, a director, and a shareholder of Sterling Trust. In addition, H. Woltz was the president and a director of Sterling ACS.
4. I, Vernice C. Woltz am the wife of H. Woltz, a certified public accountant, a director of Sterling Trust, a director and chief financial officer of Sterling ACS, and was nominated as a director of Sterling Bank.
5. Ricky Edward Graves was an attorney licensed to practice law in the State of North Carolina.
6. Samuel T. Currin was an attorney licensed to practice law in the State of North Carolina who represented Mr. J in various capacities. In addition, Currin was a shareholder and director of Sterling Bank.
7. Mr. Y, an unindicted co-conspirator, was an attorney licensed to practice law in the State of North Carolina.
8. Bovee Enterprises LLC (hereafter, "Bovee") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J.
9. Jasmine Takamine, Sdn Bhd (hereafter, "Jasmine") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. K.
10. Oasis Ltd. (hereafter, "Oasis") was an Anguillan company incorporated by Sterling ACS.
11. Trident Enterprises, LLC (hereafter, "Trident") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. DH and Mrs. AH.



12. Pacific Trust was an off-shore trust formed by Sterling Trust. Pacific Testamentary Trust was also an off-shore trust formed by Sterling Trust and was the beneficiary of Pacific Trust. Pacific Trust owned the shares of Bovee. Mr. J and his father were the beneficiaries of Pacific Testamentary Trust. Mr. J controlled this trust arrangement through Currin, who was the "trust protector."

13. St. Lawrence Trust was an off-shore trust formed by Sterling Trust. St. Lawrence Testamentary Trust was also an off-shore trust formed by Sterling Trust and was the beneficiary of St. Lawrence Trust. St. Lawrence Trust owned the shares of Jasmine. Mr. K was a beneficiary of St. Lawrence Testamentary Trust. Mr. K controlled this trust arrangement as the "trust protector."

14. Alpha Trust was an off-shore trust formed by Sterling Trust. Omega Trust was also an off-shore trust formed by Sterling Trust and was the beneficiary of Alpha Trust. Alpha Trust owned the shares of Oasis. Mr. Ru was to be the beneficiary of Omega Trust. Currin was the "trust protector."

15. Kemplar Trust was an off-shore trust formed by Sterling Trust. Harbor Family Trust was also an off-shore trust formed by Sterling Trust and was the beneficiary of Kemplar Trust. Kemplar Trust owned the shares of Trident. Mr. DH and Mrs. AH were the beneficiaries of Harbor Family Trust. Mr. DH and Mrs. AH controlled this trust arrangement through Mr. Y and Graves, who were the "trust protectors."

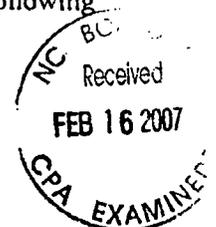
16. The Oxford Corporation (hereafter, "Oxford") was an Anguillan company incorporated by Sterling ACS and controlled by Currin, who possessed a debit card issued by First Curacao International Bank in the name of Oxford.

#### Obstruction of the CFTC Investigation

17. On or about April 1, 2004, the Commodity Futures Trading Commission (hereafter, the "CFTC") filed a civil complaint in federal district court against Tech Traders, Inc. (hereafter, "Tech Traders") and others, alleging fraud in the solicitation of investors (hereafter, the "CFTC Suit"). That same day, the federal district judge hearing the matter issued an order appointing a receiver to account for and distribute the assets of Tech Traders.

18. On or about April 12, 2004, I, along with H. Woltz and others, appeared at the home of Tech Traders' accountant in Gastonia, North Carolina to review his records regarding Tech Traders.

19. On or about April 30, 2004, Sterling Trust, Sterling Bank Ltd. (hereafter, "Sterling Bank"), and other related entities (hereafter, collectively, the "Sterling entities") obtained an order to show cause why they should not be allowed to intervene in the CFTC's Suit to obtain release of funds they had purportedly invested with Tech Traders. A hearing was held on that order on May 7, 2004, in federal district court in Camden, New Jersey. During my sworn testimony in that hearing, I gave false and misleading answers to questions posed to me. Specifically, I gave the following underscored false testimony:



"Q: Have you since all this happened, since the complaint was filed and the Court entered its order on April 1<sup>st</sup>, have you been in touch with [Tech Traders' accountant]?"

"A: We have tried."

"Q: And what has occurred?"

"A: He refuses to, to speak with us." (Tr. at 45).

At the end of the hearing, the district judge denied the Sterling entities' request for the release of funds, stating that he was not "even slightly persuaded that these relationships between the Tech Traders groups and the Sterling groups are entirely arms length."

20. On or about September 22, 2004, H. Woltz and others filed claims in the CFTC Suit on behalf of the Sterling entities for funds purportedly invested with Tech Traders. The claim form filed on behalf of Sterling Bank asserted that H. Woltz and I had a beneficial interest in the funds Sterling Bank invested with Tech Traders. Thus, it was material to the resolution of those claims, and therefore to the CFTC Suit, whether additional individuals or entities had a beneficial interest in the funds, what the source of the funds was, what the nature of the Sterling entities' business was, who was involved in that business, and what relationship if any existed between the Sterling entities and Tech Traders.

21. Accordingly, the CFTC sought to depose both H. Woltz and me and to subpoena documents from me as custodian of records for the Sterling entities. I sought to evade service of a subpoena in the CFTC Suit. When the process server went to my residence in Advance, North Carolina on or about November 4, 2004, I hid behind the door in my residence while H. Woltz falsely advised the process server that I was not present.

22. On or about May 5, 2005, the U.S. Customs Service served me with a subpoena when I flew into Charlotte-Douglas International Airport. This subpoena called for the production of various documents and items and testimony in the U.S. Attorney's Office in Charlotte. I failed to appear on the date set forth in the subpoena.

23. On or about June 30, 2005, the CFTC filed a motion in the federal district court in Charlotte seeking an order to show cause why I should not be held in contempt for my failure to appear. I filed no response to that motion.

24. Ultimately, I, through my counsel, agreed to appear for a deposition in Chicago, Illinois. On or about August 9, 2005, I appeared in Chicago for my deposition, but failed to produce any of the subpoenaed documents or items. In addition, during my sworn deposition testimony, I gave false and misleading answers to questions posed to me. Specifically, I gave the following underscored materially false testimony:



"Q: And do any of the Sterling entities have any of the documents that are requested in this Attachment A that have not been produced to the CFTC?"

"A: I don't know. I think we have provided, when I was there records were provided to the receiver. Records were provided to you through [counsel]. It may have encompassed a lot of records we have sent to you, but I don't know where these records would be or where the records are, who has them in their possession."

"Q: So you haven't made any search for any of the records that we subpoenaed that we have required production of."

"A: I don't have access to those records."

"Q: Why don't you have access to those records?"

"A: Because I don't have them on me personally."

"Q: You live in the Bahamas now, is that correct?"

"A: That's correct."

"Q: Are there records in the Bahamas that are responsive to this subpoena?"

"A: Not in my home."

"Q: Are there records that are responsive to the subpoena in the Sterling business offices?"

"A: Maybe. I don't know."

"Q: You have not made a search, is that correct?"

"A: I have not made a search because I don't have access to their records."

"Q: Who has access to their records?"

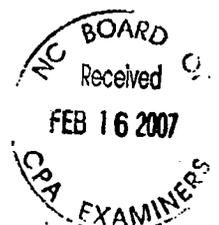
"A: The people who work there."

"Q: Who are they?"

"A: Ms. Mohan, Mr. Storr, Mr. Adderley."

"Q: Anybody else have access to those records?"

"A: I guess Mr. Woltz would have access to them."



"Q: You are representing you do not have access to those records."

"A: That's what I'm representing."

"Q: And how long has it been since you have not had access to these records?"

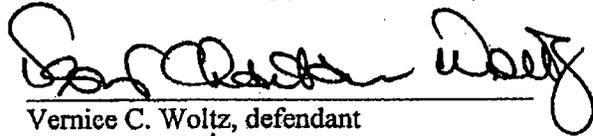
"A: Since September."

"Q: Since September 2004."

"A: Yes." (Tr. at 51-53).

The preceding statement is a summary of the facts relevant to the tax fraud conspiracy and obstruction of justice conspiracy in which I engaged. It does not include all of the facts known to me concerning criminal activity in which I and others engaged or in which others engaged without my knowledge at the time of my participation. I make this statement knowingly and voluntarily.

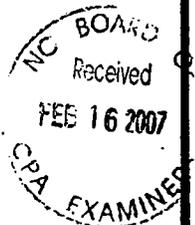
Date: Jan 26, 2007

  
\_\_\_\_\_

Vernice C. Woltz, defendant

  
\_\_\_\_\_

J. Kirk Osborn, Esq.



**United States District Court  
For The Western District of North Carolina**

UNITED STATES OF AMERICA

v.

VERNICE CHAITAN WOLTZ

**JUDGMENT IN A CRIMINAL CASE**  
(For Offenses Committed On or After November 1, 1987)

Case Number: 3:06cr74-4-Br

USM Number: 20757-058

Donald Tisdale, Sr., Ernest Conner, Jr. & J. Kirk Osborn  
Defendants' Attorneys

**THE DEFENDANT:**

- pleaded guilty to count(s) 10.
- Plead nolo contendere to count(s) which was accepted by the court.
- Was found guilty on count(s) after a plea of not guilty.

**ACCORDINGLY**, the court has adjudicated that the defendant is guilty of the following offense(s):

<u>Title and Section</u>	<u>Nature of Offense</u>	<u>Date Offense Concluded</u>	<u>Counts</u>
18:1503	Obstruction of the Due Administration of Law	08/2005	10

The defendant is sentenced as provided in pages 2 through 5 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984, United States v. Booker, 125 S.Ct. 738 (2005), and 18 U.S.C. § 3553(a).

- The defendant has been found not guilty on count(s) .  
Count(s) 11, 12 & 13 (is)(are) dismissed on the motion of the United States.

**IT IS ORDERED** that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay monetary penalties, the defendant shall notify the court and United States attorney of any material change in the defendant's economic circumstances.

Date of Imposition of Sentence: 7/19/2007

*[Signature]*  
Senior U.S. District Judge

Date: July 18, 2007

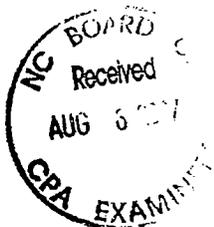


Exhibit II

Defendant: VERNICE CHAITAN WOLTZ  
Case Number: 3:06cr74-4-Br

**IMPRISONMENT**

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of TIME SERVED.

— The Court makes the following recommendations to the Bureau of Prisons:

— The defendant is remanded to the custody of the United States Marshal.

— The defendant shall surrender to the United States Marshal for this district:

- at \_\_\_\_\_ on \_\_\_\_\_
- as notified by the United States Marshal.

— The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:

- before 2 pm on .
- as notified by the United States Marshal.
- as notified by the Probation or Pretrial Services Office.

**RETURN**

I have executed this Judgment as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_

at \_\_\_\_\_, with a certified copy of this Judgment.

United States Marshal

By

Deputy Marshal



Defendant: VERNICE CHAITAN WOLTZ  
Case Number: 3:06cr74-4-Br

Judgment-Page 3 of 5

### SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of TWO (2) YEARS.

The condition for mandatory drug testing is suspended based on the court's determination that the defendant poses a low risk of future substance abuse.

### STANDARD CONDITIONS OF SUPERVISION

The defendant shall comply with the standard conditions that have been adopted by this court and any additional conditions ordered.

1. The defendant shall not commit another federal, state, or local crime.
2. The defendant shall refrain from possessing a firearm, destructive device, or other dangerous weapon.
3. The defendant shall pay any financial obligation imposed by this judgment remaining unpaid as of the commencement of the sentence of probation or the term of supervised release on a schedule to be established by the court.
4. The defendant shall provide access to any personal or business financial information as requested by the probation officer.
5. The defendant shall not acquire any new lines of credit unless authorized to do so in advance by the probation officer.
6. The defendant shall not leave the Western District of North Carolina without the permission of the Court or probation officer.
7. The defendant shall report in person to the probation officer as directed by the Court or probation officer and shall submit a truthful and complete written report within the first five days of each month.
8. A defendant on supervised release shall report in person to the probation officer in the district to which he or she is released within 72 hours of release from custody of the Bureau of Prisons.
9. The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.
10. The defendant shall support his or her dependents and meet other family responsibilities.
11. The defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other activities authorized by the probation officer.
12. The defendant shall notify the probation officer within 72 hours of any change in residence or employment.
13. The defendant shall refrain from excessive use of alcohol and shall not unlawfully purchase, possess, use, distribute or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as duly prescribed by a licensed physician.
14. The defendant shall participate in a program of testing and treatment or both for substance abuse if directed to do so by the probation officer, until such time as the defendant is released from the program by the probation officer; provided, however, that defendant shall submit to a drug test within 15 days of release on probation or supervised release and at least two periodic drug tests thereafter for use of any controlled substance, subject to the provisions of 18:3563(a)(5) or 18:3583(d), respectively.
15. The defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered.
16. The defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.
17. The defendant shall submit his person, residence, office or vehicle to a search, from time to time, conducted by any U.S. Probation Officer and such other law enforcement personnel as the probation officer may deem advisable, without a warrant; and failure to submit to such a search may be grounds for revocation of probation or supervised release. The defendant shall warn other residents or occupants that such premises or vehicle may be subject to searches pursuant to this condition.
18. The defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed by the probation officer.
19. The defendant shall notify the probation officer within 72 hours of defendant's being arrested or questioned by a law enforcement officer.
20. The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court.
21. As directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.
22. If the instant offense was committed on or after 4/24/96, the defendant shall notify the probation officer of any material changes in defendant's economic circumstances which may affect the defendant's ability to pay any monetary penalty.
23. If home confinement (home detention, home incarceration or curfew) is included you may be required to pay all or part of the cost of the electronic monitoring or other location verification system program based upon your ability to pay as determined by the probation officer.
24. The defendant shall cooperate in the collection of DNA as directed by the probation officer.

ADDITIONAL CONDITIONS:



Defendant: VERNICE CHAITAN WOLTZ  
Case Number: 3:06cr74-4-Br

Judgment-Page 4 of 5

**CRIMINAL MONETARY PENALTIES**

The defendant shall pay the following total criminal monetary penalties in accordance with the Schedule of Payments.

ASSESSMENT	FINE	RESTITUTION
\$100.00	\$0.00	\$0.00

**FINE**

The defendant shall pay interest on any fine or restitution of more than \$2,500.00, unless the fine or restitution is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on the Schedule of Payments may be subject to penalties for default and delinquency pursuant to 18 U.S.C. § 3612(g).

The court has determined that the defendant does not have the ability to pay interest and it is ordered that:

The interest requirement is waived.

The interest requirement is modified as follows:

**COURT APPOINTED COUNSEL FEES**

The defendant shall pay court appointed counsel fees.

The defendant shall pay \$\_\_\_\_\_ towards court appointed fees.



Defendant: VERNICE CHAITAN WOLTZ  
Case Number: 3:06cr74-4-Br

**SCHEDULE OF PAYMENTS**

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties shall be due as follows:

- A  Lump sum payment of \$ \_\_\_\_\_ due immediately, balance due  
 not later than \_\_\_\_\_, or  
 in accordance  (C),  (D) below; or
- B  Payment to begin immediately (may be combined with  (C),  (D) below); or
- C  Payment in equal \_\_\_\_\_ (e.g. weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ to commence \_\_\_\_\_ (e.g. 30 or 60 days) after the date of this judgment; or
- D  Payment in equal \_\_\_\_\_ (e.g. weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ to commence \_\_\_\_\_ (e.g. 30 or 60 days) after release from imprisonment to a term of supervision. In the event the entire amount of criminal monetary penalties imposed is not paid prior to the commencement of supervision, the U.S. Probation Officer shall pursue collection of the amount due, and may request the court to establish or modify a payment schedule if appropriate 18 U.S.C. § 3572.

Special instructions regarding the payment of criminal monetary penalties:

- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court costs:
- The defendant shall forfeit the defendant's interest in the following property to the United States:

Unless the court has expressly ordered otherwise in the special instructions above, if this judgment imposes a period of imprisonment payment of criminal monetary penalties shall be due during the period of imprisonment. All criminal monetary penalty payments are to be made to the United States District Court Clerk, 401 West Trade Street, Room 210, Charlotte, NC 28202, except those payments made through the Bureau of Prisons' Inmate Financial Responsibility Program. All criminal monetary penalty payments are to be made as directed by the court.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) community restitution, (6) fine interest, (7) penalties, and (8) costs, including cost of prosecution and court costs.

