

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

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**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 Stevison  
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.

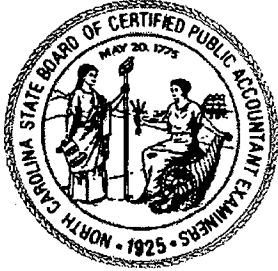
CONSENTED TO THIS THE 15<sup>th</sup> DAY OF January, 2008.

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.

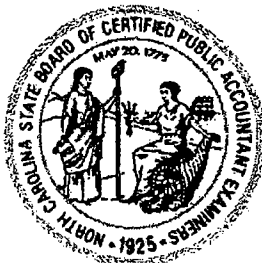
The discipline which the Board may impose on Respondent for violation of said statutes and rules includes censure, revocation of license for a period of time or permanently or civil penalties of up to \$1,000.00 per infraction.

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 Winteady  
North Carolina State Board of  
Certified Public Accountant Examiners

NORTH CAROLINA  
WAKE COUNTY

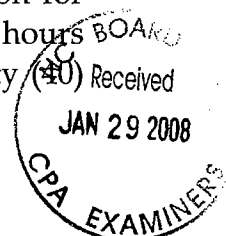
BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2007732

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 (40) hour CPE requirement.



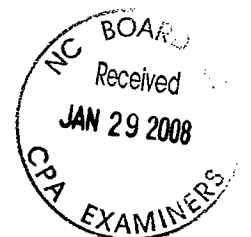
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and 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.

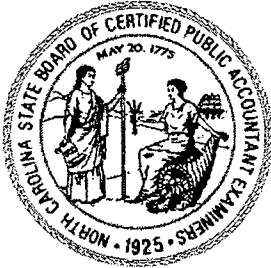
CONSENTED TO THIS THE 15<sup>th</sup> DAY OF January, 2007<sup>8</sup>.

J. G. Walker

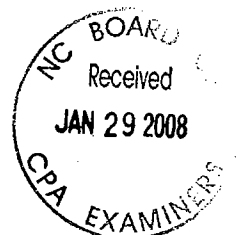
Respondent

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.

