PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
September 18, 2017
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Wm. Hunter Cook, CPA, President; Cynthia B. Brown, CPA, Vice President; Jeffrey J. Truitt, Esq., Secretary-Treasurer; Justin C. Burgess; L. Samuel Williams, Jr., CPA; Arthur M. Winstead, Jr., CPA; and Michael H. Womble, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Communications Manager; Jean Marie Small, Professional Standards Specialist; Buck Winslow; Licensing Manager; and Noel L. Allen, Esq., Legal Counsel.

GUESTS: Sharon Bryson, CEO, NCACPA; Mark Sotichek, CPA, COO, NCACPA; Whitney Gann, CPA, NCACPA; Beth A. Wood, CPA, Office of the State Auditor; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, Nathan Standley, Esq., Allen & Pinnix, PA; and Officer Ethan Patton, Raleigh Police Department.

CALL TO ORDER: President Cook called the meeting to order at 10:03 a.m.

MINUTES: The minutes of the August 21, 2017, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The August 2017 financial statements were accepted as submitted.

LEGISLATIVE AND RULE-MAKING ITEMS: Messrs. Winstead and Williams moved to approve the following rules to be filed with the Rules Review Commission for rule-making: 21 NCAC .08F .0103 and .0502. Motion passed with seven (7) affirmative and zero (0) negative votes.

NATIONAL ORGANIZATION ITEMS: Mr. Truitt reported on a recent meeting of the NASBA International Qualification Appraisal Board regarding global certification acceptance.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Ms. Brown moved and the Board approved the following recommendations of the Committee:

Case Nos. C2016087-1 and C2016087-2 - Lawrence W. Blake, CPA, and L. W. Blake CPA
Approve a signed Consent Order (Appendix I). Mr. Womble did not participate in the discussion of this matter nor did he vote on this matter.

Case Nos. C2016358-1 and C2016358-2 - Edith R. Saxton, CPA, and Edith Saxton, CPA
Approve a signed Consent Order (Appendix II).

Case No. C2017062 – Close the case without prejudice.

Case No. C2017074 – Close the case without prejudice.

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

Transfer of Grades Applications - The Committee recommended that the Board approve the following:

Stephanie Joyce Baker
Clint Justin Fairchild
Austin Joseph Miller

Jessica Marie Schallhorn
Kyria Sun
Jillian Galloway Valk

Original Certificate Applications - The Committee recommended that the Board approve the following:

Michael Francis Aiello
Stephanie Joyce Baker
Tyler Christopher Chambers
Justin Michael Chestnutt
Patrick Charles Dever
Miranda Ciera Edwards
Clint Justin Fairchild
Xuezhi Feng
Karlie Danielle Gale
Maria Alejandra Hernandez Gomez
Frank Upton Greer, V
Benjamin John Gregory
Tyler Stephen Holland
Kelly Anne Kay
MacKenzie Marie Kinley
Robert B. Linklater
Megan Alexandra Loeper
Megan Elizabeth Meyer
Austin Joseph Miller
Austin James Morgan
Jennifer A. Musso

Dustin Alexander Never
Sarah Kris Nicholls
Addison Bradley Oliver
Vishal Sunil Patel
William Franklin Prevo
Yuliya Sakun
Cynthia Guadalupe Sandoval
Jessica Marie Schallhorn
Andrew Marvin Schuett
Dakota Austin Shoe
Erynn Bradie Stainback
Kyria Sun
Jacob Edward Cruz Taitague
Christopher Colin Thomas
Maurice Anthony Thompson
Ray Antonio Toney
Katherine Grace Travan
David Kelly Tucker, III
Jonathan Gregory Upham
Jillian Galloway Valk
Andrey Ivanovich Yeremuk

Reciprocal Certificate Applications - The Committee recommended that the Board approve the following:

Benjamin Michael Perron
Nabil A. Sibay
Temporary Permits - The Committee recommended that the Board approve the following temporary permits that were approved by the Executive Director:

Matthew John Naro, T9997  
Belinda Sue Jones, T9998  
Ian Michael Schoenen, T9999  
Katherine Marie Goode, T10000  
Michael Joseph Nasserallo, T10001  
Kristen Lynn Wilkinson, T10002  
Rebecca Elizabeth Miller, T10003  
Marie A. Anderson, T10004  
Patrick Joseph Breslin, T10005  
Hemanth Kumar Meda, T10006  
Peter Hugh Gaunt, T10007  
Robert William Kianos, II, T10008  
Patrick James Benson, T10013  
Melanie Baxter Wright, T10014  
Lee Ann Ahern, T10015  
John Michael Schlegel, T10016  
Trevor David Salzmann, T10017  
Erika Nicole Dudley, T10018  
Thomas Daniel Horton, T10019  
Nicholas Andrew Bucci, T10020  
Christina Marie Smeriglio, T10021  
Lea Magan Fletcher, T10022  
Nicole Nadine Richards, T10023  
Kathryn Nusbaum, T10024  
Carolina Guimaraes Rolla Couto, T10025

Reinstatements - The Committee recommended that the Board approve the following:

Harold Conrad Bradshaw, Jr., #19817  
Jonathan Thomas Clardy, #36402  
Cheryl Palmieri Connolly, #21391  
Emily Jo Daly, #37889  
Patrick Keith Eudy, #34609  
Amy Powell Goss, #15073  
Frederick Robert Perschau, Jr., #21986  
John William Struble, #29957

Reissuance of New Certificate - The Committee recommended that the Board approve the application for reissuance of new certificate submitted by Lisa Lee McDonall, #19628.

Reissuance of New Certificate and Consent Agreement - The Committee recommended that the Board approve the application for reissuance of new certificate and consent agreement submitted by Jean Himmant Buchan, #34358.

Firm Registrations - The Committee recommended that the Board approve the following professional corporations and professional limited liability companies that were approved by the Executive Director:

Doreen Carter, CPA, PLLC  
J. McMillan, CPA, PLLC  
Freda G. Ratcliffe, CPA, PLLC  
Welch CPA, PLLC  
S. E. Wilson CPA, P.C.

Letters of Warning - The Committee recommended that the Board approve the requests to rescind the Letters of Warning awarded to the individuals listed below:

J. Nicole Brantley, #33892  
Kelsey Anne Shuster-Dutcher, #39867

Examinations - The Committee recommended that the Board approve the following staff-approved applicants to sit for the Uniform CPA Examination:

Mariam Abebe  
Anthony Allen  
Robert Allen  
Alex Anderson
Staff recommended that the Committee determine and accept the grades received for the April-May 2017 exams. Twenty-five (25) files with grade reports were haphazardly selected and available at the meeting for review by a Board member. The Committee recommended that the Board approve staff recommendation.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: Mr. Nance provided a report updating the implementation of the IT project and the MAPS Group salary and personnel project. The monthly Operational Metrics report and the monthly Executive staff report were also provided.

CLOSED SESSION: Messrs. Cook and Williams moved to enter Closed Session to discuss a matter from the Personnel Committee. Motion passed.

PUBLIC SESSION: The Board re-entered Public Session.

ADJOURNMENT: Messrs. Womble and Winstead moved to adjourn the meeting at 11:13 a.m. Motion passed.

Respectfully submitted: 

Attested to by:

[Signatures]

Robert N. Brooks 
Executive Director

Wm. Hunter Cook, CPA 
President
IN THE MATTER OF:
Lawrence W. Blake, CPA, #13304
L. W. Blake, CPA,
Respondents

BEFORE THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: C2016087-1 and C2016087-2

CONSENT ORDER

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

1. Lawrence W. Blake, CPA (hereinafter "Respondent"), is the holder of North Carolina certificate number 13304 as a Certified Public Accountant.

2. L. W. Blake, CPA (hereinafter "Respondent firm"), is a registered certified public accounting firm in North Carolina.

3. At all relevant times, the Respondent was the supervising CPA of the Respondent firm and, as such, was the CPA responsible for ensuring that the Board's peer review requirements were satisfied.

4. The Respondent firm had received an engagement peer review for the year ended June 30, 2011. However, it was later discovered that the Respondent firm had conducted an audit of an employee benefit plan. That audit had not been identified by the Respondents to the peer reviewer.

5. Per the peer review rules, if a firm performs an audit of an employee benefit plan during the relevant time period, at least one such plan must be subjected to peer review.

6. At the beginning of the peer review process, firms must complete a questionnaire. The questionnaire specifically requires the firm to review a list of audit engagements, including employee benefit plan audits, and identify whether the firm has performed any of those engagements.

7. As a result of the failure to identify its employee benefit plan audit engagement(s), the Respondent firm's peer review was recalled. The Respondent firm received a "fail" on its ensuing system peer review report.

8. The peer review report identified deficiencies in the Respondent firm's quality control policies and procedures which led to the failure to disclose the employee benefit plan audit to the peer reviewer.
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Lawrence W. Blake, CPA
L. W. Blake, CPA

9. The peer review report also identified deficiencies in other of the Respondent firm’s quality control policies and procedures, including a failure of firm employees to utilize financial statement reporting and disclosure checklists on all engagements.

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

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

1. The Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. The Respondent should have known that the Respondent firm conducted an employee benefit plan audit during the relevant peer review period, and further should have known that the audit was required to be disclosed to the peer reviewer. The failure to disclose the employee benefit plan audit to the peer reviewer constitutes a violation of 21 NCAC 08N.0202(a).

3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of the Respondent’s consent to this order, the Respondents are subject to the discipline set forth below.

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

1. The Respondent’s CPA certificate shall be revoked for one (1) year. However, the revocation is stayed if all requirements of this Consent Order are met and the Respondent is not found to have violated the peer review rules during that period.

2. The Respondent firm’s registration shall be cancelled for one (1) year. However, the cancellation is stayed if all requirements of this Consent Order are met and the Respondent firm is not found to have violated the peer review rules during that period.

3. The Respondent firm shall pay a one thousand dollar ($1,000) civil penalty to be remitted with this signed Consent Order.

4. The Respondent firm shall pay a five hundred dollar ($500) administrative cost to be remitted with this signed Consent Order.

5. Prior to the Respondent firm’s next peer review, the Respondent must take four (4) hours of group-study CPE, specifically covering the peer review process and/or
getting ready for peer review. The Respondent also must take four (4) hours of CPE which has financial statement disclosures as part of its subject matter.

6. The Respondent firm shall provide a notarized, written statement to the Board that it will no longer be participating in, performing, or reviewing any audit engagements subject to peer review. Should the Respondent firm wish to undertake such services in the future, it must notify the Board of that intent and will be subject to pre-issuance review until such time that the Board determines that pre-issuance review is no longer necessary.

7. The Respondent firm shall undergo pre-issuance review for its next engagement involving the compilation, review or audit of a financial statement with disclosures. The engagements to be reviewed, as well as the pre-issuance reviewer(s) selected to perform the reviews, shall be mutually agreed upon by the firm and the Board staff. The results of the pre-issuance reviews will be provided to the Board by the Respondent Firm. If the results of the pre-issuance reviews are not satisfactory to the Board, it may require additional pre-issuance reviews to be performed on future engagements.

8. The Respondents agree that failure to comply with any terms of this agreement shall be deemed sufficient grounds to lift the stays set forth above.

CONSENTED TO THIS THE 17th DAY OF AUGUST, 2017.

[Signature]
Individual authorized to sign on behalf of Respondent Firm

[Signature]
Respondent

APPROVED BY THE BOARD THIS THE 18 DAY OF SEPTEMBER, 2017.

[Signature]
President

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
IN THE MATTER OF:
Edith R. Saxton, #17554
Edith Saxton, CPA
Respondents

CONSENT ORDER

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

1. Edith R. Saxton (hereinafter "Respondent") was the holder of North Carolina certificate number 17554 as a Certified Public Accountant.

2. Edith Saxton, CPA (hereinafter "Firm"), was a registered certified public accounting firm in North Carolina.

3. At all relevant times, the Respondent was the supervising CPA of the Firm and, as such, was the CPA responsible for ensuring that the Board’s peer review requirements were satisfied.

4. The Firm had undergone peer reviews in the past, and its next scheduled peer review was due in December of 2016. The Respondent asserts that prior to that time, it was her intent to be placed on inactive status and dissolve the Firm, thereby alleviating the need for the 2016 peer review.

5. However, the Respondent was unsuccessful in her attempt to be placed on inactive status at that time. She later successfully submitted the application for inactive status in May of 2017.

6. The Board staff received notice that the Firm had been terminated from the AICPA Peer Review Program as of November 8, 2016.

7. Subsequently, the Respondent failed to either cancel or renew her firm registration.

8. The Respondent was initially non-responsive to the Board’s inquiries. She has responded that it is her desire to be placed on inactive status.

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

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

1. The Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. The aforementioned conduct, if proven, could constitute violations of 21 NCAC 08N .0213 and 21 NCAC 08N .0206.

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

1. The Board accepts the inactive status application of the Respondent. The Respondent agrees that she will not seek reinstatement of her certificate.

CONSENTED TO THIS THE 7th DAY OF August 2017

[Signature]
Individually authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 18th DAY OF SEPTEMBER 2017

[Seal]
NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

[Seal]
President

[Seal]
NC BOARD OF CPA EXAMINERS

AUG 14 2017
IN THE MATTER OF:
Melanie Moretz Starr, CPA, #16157
Respondent

CONSENT ORDER

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

1. Melanie Moretz Starr (hereinafter "Respondent") is the holder of North Carolina certificate number 16157 as a certified public accountant.

2. The Board was contacted by the North Carolina Office of the State Auditor (hereinafter "OSA") regarding the Respondent’s failure to adequately respond to OSA’s request to review her workpapers related to a completed governmental audit.

3. The Board staff contacted the Respondent by telephone, letter, and email. Although the Respondent indicated that she would cooperate with the inquiry, she never followed through with establishing a timeframe for the OSA staff to perform the quality review. The Board staff then requested that the relevant workpapers be provided by January 27, 2017.

4. Throughout the communications with the Respondent, the Board staff was informed that she was having difficulties assembling the audit file, as she was having problems with her computer and was unable to provide copies.

5. The Respondent subsequently provided the Board staff with electronic copies of the workpapers purporting to support the audit. The Board staff reviewed the workpapers and found numerous deficiencies.

6. The Board staff found that the submitted workpaper documentation was not sufficient to support all required audit processes including missing or incomplete: engagement letter, representation letter, audit programs, testing and verification of internal controls, and substantive test of details.

7. The 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. The 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. The Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative
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Melanie Moretz Starr, CPA

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

2. The Respondent’s failure to timely and adequately submit her workpapers to the
OSA for their review constitutes a violation of 21 NCAC 08N .0203 and .0212.

3. The workpaper deficiencies, if proven, would constitute a violation of 21 NCAC 08N
 .0212 and .0403.

4. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of the Respondent’s
consent to this order, the Respondent is subject to the discipline set forth below.

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

1. The Respondent, Melanie Moretz Starr, is censured.

2. The Respondent must obtain pre-issuance reviews for all audit engagements in
which she participates. The pre-issuance review must be performed by a pre-
issuance reviewer approved by the Board until a determination is made by the
Board that those engagements can be performed in accordance with applicable
professional standards. The Respondent 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. The Respondent shall pay a one thousand dollar ($1,000) civil penalty.

4. The Respondent shall reimburse the Board for its administrative costs of five
hundred dollars ($500) related to the investigation of this matter.

CONSENTED TO THIS THE 11th DAY OF August 2017

Melanie M. Starr
Respondent

APPROVED BY THE BOARD THIS THE 18th DAY OF September 2017

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: President

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