PUBLIC SESSION MINUTES  
North Carolina State Board of CPA Examiners  
November 19, 2018  
1101 Oberlin Road  
Raleigh, NC 27605

MEMBERS ATTENDING: L. Samuel Williams, Jr., CPA; President; Jeffrey J. Truitt, Esq., Vice President; Arthur M. Winstead, Jr., CPA, Secretary-Treasurer; Wm. Hunter Cook, CPA; Gary R. Massey, CPA (via telephone); and Michael S. Massey, 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; Kristen Hoyle, CPA, NCACPA; Teka Miller, Director of Membership, NCACPA; Dan Dustin, Vice President of State Board Relations, NASBA; Nathan Standley, Esq., Allen & Pinnix, PA; and Sgt. J.A. Stokes, Raleigh Police Department.

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

MINUTES: The minutes of the October 25, 2018, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The October 2018 financial statements were accepted as submitted.

LEGISLATIVE AND RULE-MAKING ITEMS: Mr. Brooks presented a draft amendment to 21 NCAC 08F .0105, Conditioning Requirements. Messrs. Cook and Winstead moved to approve the draft rule for rule-making by the Board. Motion passed with six (6) affirmative and zero (0) negatives votes.

NATIONAL ORGANIZATION ITEMS: Dan J. Dustin, CPA, Vice-President of State Board Relations with the National Association of State Boards of Accountancy (NASBA), Nashville, TN, presented an update on the mission, goals, tools, services, and issues facing all accountancy boards and the CPA profession.

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

Case No. C2017084 - Jay B. Maready, CPA - Approve the signed Consent Order (Appendix I).

Case No. C2018035 - David B. Downing, CPA - Approve the signed Consent Order (Appendix II).
Case No. C2017039 - Karen E. Palczuk, CPA - Approve the signed Consent Order (Appendix III).

Case No. C2018013 – Close the case without prejudice.

Case No. C2018109 – Close the case without prejudice.

Case Nos. C2018154-1 and C2018154-2 – Close the case without prejudice.

Case Nos. C2018156-1 and C2018156-2 – Close the case without prejudice with a Letter of Warning.

Case Nos. C2018158-1 and C2018158-2 – Close the case without prejudice.

Case Nos. C2018160-1 and C2018160-2 – Close the case without prejudice.

Case Nos. C2018263-1 and C2018263-2 – Close the case without prejudice.

Case No. C2018349 - Close the case without prejudice.

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

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

Cassie Leigh Kohler
Jacob Payne Orr
Kyle Brandon Richardson

Tierza Coyee Roosa
Emilia Taymasova

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

Michael Linn Armstrong
Michelle Mariko Bennett
Tyler Blake Bennett
Brook Anthony Birdsong
Lynn Brown Bodine
Kenya Demario Borders
Justin Matthew Bruno
Spencer Thomas Caldwell
Steven Thomas Caponi
Rashida Salama Chang
Sarah Catherine Chin

Kaylyn Anne Clark
Mia Camelia Coelho
Jonathan Joseph Coffman
Molly Lynn Cogburn
Zachary Scott Daniels
Richard McAlister Deans
Austin Charles Donze
Carl Dunne
Kendall Wagoner Einbinder
Anna Christine Etheridge
Caitlin Marie Faughnan
Staff reviewed, and recommended approval of the original application submitted by Thomas David Schotzinger. Mr. Schotzinger failed to disclose pertinent information with his Exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee recommended that the Board approve staff recommendation.

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

Rebecca Nicole Acevedo
Kelvin Michael Anthony
Yijin Bao
Julie Boyd Barba
Juanita Denise Brooks
James Reid Brown
Paul August Buckle
Glenn Michael Burdi
Kristie Hertz Cross
Andrew Carl Dagen
Alfred H. Darakjian

Alessandra Eve De Tata
Anthony Wayne Denlinger
Robert James Engelking
Eric William Essian, Jr.
Michelle Ann Foote
Anthony Thomas Fragnito
Mischa Freystaetter
Marisa Christina Gast
Jennifer Kay Gathright
Sara Kathleen Harris
Samuel Andrew Herbert
George Edward Krogstie
Temporary Permits - The Committee recommended that the Board approve the following temporary permits that were approved by the Executive Director:

Glenn Michael Burdi, T10750
Samuel Andrew Herbert, T10751
Kelvin Michael Anthony, T10752
Andrew Carl Dagen, T10753
Amalia Esther Neco Valle, T10754
Shalimar Alicia Sarriera, T10755
Anthony Wayne Denlinger, T10756
Yijin Bao, T10757
Jyoti Mehta, T10758
Jennifer Kay Gathright, T10759

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

Freddie Eugene Angles, #16607
Vickie Shaw Harrison, #20724
Christy Lockhart Pavell, #24929
Sarah Hughes Putnam, #35897

Reissuance of New Certificate - The Committee recommended that the Board approve the following applications for reissuance of new certificate:

Myron Grady Anderson, #18766
Tanya Hinesley Freeman, #26112

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

Deedee Agu
James Allred
Alec Altman
Kindrey Ashe

Bruce Baird
Zachary Bane
Jonathan Barwick
Elizabeth Bass
Michael Saccavino
Cristy Scholler
Logan Senelis-Jose
Max Shakun
Tegan Shaver
Meredith Sherrod
Richard Silas
Richard Sliiko
Stephen Sloyer
Jamie Smith
Mahogany Smith
Brandon Sparrow
Nicole Storer
Jenna Strawn
Rachel Stull
Ayeshia Swati
Willie Tate
Patrice Thompson

Zachary Tidmore
Dalton Trotman
Kerry Turner
Mandy Wakem
Kerry Walker
Runqing Wang
Kimberly Ward
Elizabeth Warren
Emily Waters
Kayla Watkins
Stephanie Webb
Angela Webster
Tara White
Taylor Wiley
Tarika Williams
Cameron Williamson
Megan Wimer
Lucas Younts

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The monthly operational metrics, Executive staff report, and strategic plan update were provided.

ADJOURNMENT: Messrs. Cook and Winstead moved to adjourn the meeting at 10:58 a.m. Motion passed.

Respectfully submitted: 

Attested to by:

[Signatures]

Robert N. Brooks
Executive Director

L. Samuel Williams, Jr., CPA
President
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. Jay B. Maready, (hereinafter "Respondent") is the holder of North Carolina certificate number 15709 as a certified public accountant.

2. The Board received a complaint from Kathleen Flynn-Childs (hereinafter "Complainant"). The Complainant states that the Respondent prepared and filed her 2015 taxes without her review or signature.

3. The Respondent provided the Board with copies of Form 8879 for 2014, which was signed by the Complainant, and 2015, which was signed by the Complainant's husband.

4. Neither of the Form 8879s was signed by both spouses.

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

2. Per IRS regulations, all parties to a joint tax return must sign the return or the Form 8879.

3. The Respondent did not directly review the client's Form 8879s; rather, that function was delegated to the Respondent's staff.

4. The Respondent's staff knew or should have known that both spouses had not signed the Form 8879 when he filed those returns.
5. Per 21 NCAC 08N .0103:

A CPA and CPA firm shall be responsible for assuring compliance with the rules in this Subchapter by anyone who is the CPA's partner, fellow shareholder, member, officer, director, licensed employee, unlicensed employee or agent or unlicensed principal, or by anyone whom the CPA supervises. A CPA or CPA firm shall not permit others (including affiliated entities) to carry out on the CPA's behalf, with or without compensation, acts that if carried out by the CPA would be a violation of these Rules.

6. The aforementioned failure to abide by IRS regulations constitutes a violation of 21 NCAC 08N .0207, which states that a CPA shall not knowingly violate any federal tax regulations in handling the business affairs of a client.

7. 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 the Respondent agree to the following Order:

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

CONSENTED TO THIS THE 30th DAY OF October 2018

[Signature]

Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF November 2018

[Signature]

BY:

President

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 #: C2018035

IN THE MATTER OF:
David B. Downing, #28749
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. David B. Downing, (hereinafter "Respondent") was the holder of North Carolina certificate number 28749 as a certified public accountant. On May 16, 2018, the Respondent elected to place his CPA certificate on inactive status.

2. The Respondent has not worked in the field of accounting since 2000 and has worked as a North Carolina real estate broker since 2001 to present.


4. The NCREC Consent Order in 2011 was based upon alleged violations of the NCREC's laws or rules.

5. The Respondent did not disclose the Consent Order or the underlying complaint on either his individual or firm renewals.

6. The NCREC also received complaints regarding the Respondent in fiscal years 2014, 2016, 2017, and 2018. The complaints were not disclosed on the Respondent's annual individual or firm renewals. None of those complaints in 2014, 2016, 2017, and 2018 resulted in any disciplinary actions against the Respondent by the NCREC.

7. The Respondent was unable to provide complete documentation of his CPE for the last five (5) years.

8. 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 Code.
2. The NCRC Consent Order constitutes a prima facie violation of 21 NCAC 08N .0204 (Discipline by Federal and State Authorities).

3. The Respondent's failures to disclose the Consent Order, complaints, and CPE deficiencies on annual renewals constitute violations of 21 NCAC 08N .0202 and .0203.

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 CPA certificate for the Respondent, David B. Downing, is revoked for three (3) years.

2. The Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall the Respondent claim or attempt to use any practice privileges in any other state based upon his revoked North Carolina certificate.

CONSENTED TO THIS THE _____ DAY OF _____ NOVEMBER _____ (Day) (Month) (Year)

[Signatures]

Respondent

APPROVED BY THE BOARD THIS THE _____ DAY OF _____ NOVEMBER _____ 2018 (Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

[Seal]

BY: [Signature]

President

NC BOARD OF CPA EXAMINERS

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NORTH CAROLINA  
WAKE COUNTY  
BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2018039  

IN THE MATTER OF:  
Karen Elizabeth Palczuk, #15882  
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. Karen Elizabeth Palczuk (hereinafter "Respondent") was the holder of North Carolina certificate number 15882 as a certified public accountant.

2. The staff obtained information that the Respondent and her husband had been criminally charged with violations of the North Carolina Securities Act by the North Carolina Secretary of State.

3. The Respondent entered into an Alford plea allowing entry of a judgment that she sold unregistered securities. Per that plea, the Respondent has acknowledged that certain real estate interests sold by her should have been registered as securities.

4. The plea does not support that the Respondent knew that the real estate interests that she sold were securities, or that she knew that those securities should have been registered.

5. However, the Respondent, as a CPA involved in the marketing and sale of real estate interests, should have exercised greater caution to ensure that those sales activities were in conformance with all potentially applicable state and federal laws.

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

2. The Accountancy Act, at N.C. Gen. Stat. § 93-12(9)a, allows for discipline of CPAs based upon a: "Conviction of a felony under the laws of the United States or of any state of the United States." Per 78A-57(a), any person who willfully violates a
Consent Order - 2
Karen Elizabeth Palczuk

provision of the North Carolina Securities Act has committed a Class I felony. As such, per N.C. Gen. Stat. § 93-12(9)a, disciplinary action is warranted.

3. 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 Certified Public Accountant certificate issued to the Respondent, Karen Elizabeth Palczuk, is suspended for one (1) year. That suspension is stayed. The stay will be lifted in the event that the Respondent violates any provision of this Order, subject to the Respondent's opportunity to show cause why the stay should not be lifted.

CONSENTED TO THIS THE 2 DAY OF November, 2018

Respondent

APPROVED BY THE BOARD THIS THE 9 DAY OF November, 2018

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

BY: President

NC BOARD OF CPA EXAMINERS

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