PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
March 17, 2020
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Arthur M. Winstead, Jr., CPA, President; Michael S. Massey, CPA, Vice President; Gary R. Massey, CPA, Secretary-Treasurer (by telephone); Barton W. Baldwin, CPA (by telephone); Bernita W. Demery, CPA (by telephone); Wanda B. Taylor, Esq.; and Jennifer Van Zant, Esq. (by telephone).

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

GUESTS: Sharon Bryson, CEO, NCACPA (by telephone) and Mark Soticheek, CPA, COO, NCACPA (by telephone).

CALL TO ORDER: President Winstead called the meeting to order at 1:00 p.m.

MINUTES: The minutes of the February 17, 2020, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The February 2020 financial statements were accepted as submitted.

ELECTION OF OFFICERS: Mr. Winstead and Ms. Taylor moved to nominate and elect Michael S. Massey, CPA, for President, Barton W. Baldwin, CPA, for Vice-President, and Gary R. Massey, CPA, for Secretary-Treasurer, effective April 1, 2020. Motion passed with seven (7) affirmative votes and zero (0) negative votes.

LEGISLATIVE AND RULE-MAKING ITEMS: Mr. Brooks reviewed the draft rule-making schedule for 2020 as well as drafts of three amended rules and one new rule for possible rule-making in 2020.

NATIONAL ORGANIZATION ITEMS: Mr. Brooks provided information from NASBA regarding the closing of the Prometric Test Centers for Uniform CPA Examination candidates from March 17, 2020, through at least April 17, 2020, due to COVID-19. NASBA will extend the Notices to Schedule (NTSs) for all candidates scheduled to sit between April 1, 2020, through June 30, 2020. The Board will identify all candidates who have an open NTSs and credit expiring through June 30, 2020, and review each on a case-by-case basis for a possible extension of the 18-month credit window.

STATE AND LOCAL ORGANIZATION ITEMS: The Joint Dinner and breakfast with the NCACPA was canceled due to COVID19. The Issues Forum and NCACPA Board meeting would continue as scheduled via a virtual meeting on March 18, 2020.
Mr. Brooks and Ms. Bryson provided information on the problem of converting canceled CPE group conference events to online CPE event events being eligible for CPE credit due to NASBA’s CPE Sponsor Registry rules. In light of COVID19, the NCACPA had asked for a waiver to give credit for these events. The Board provided guidance to Mr. Brooks for assisting the NCACPA with this opportunity with NASBA.

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

**Case Nos. C2019237-1 and C2019237-2 - Mark T. Hawkins and Hawkins & Hawkins, PC** - Approve the signed Consent Order (Appendix I).

**Case No. C2019307 - Dylan M. McNiff** - Approve the signed Consent Order (Appendix II).

**Case No. C2018297 - Leon Little Rives, II** - Mr. M. Massey moved, and Ms. Taylor seconded the motion to approve the Emergency Order for Summary Suspension. Motion passed. (Appendix III).

**Case Nos. I2012404-1, I2012404-3, C2013084-2, and C2018297 - Leon Little Rives, II** - Ms. Taylor moved, and Ms. Demery seconded the motion to approve a Notice of Hearing for July 20, 2020, at 10:00 a.m. Motion passed.

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:** Mr. G. 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:

- Adam David Marthaler
- Michael Shane McCarthy
- Carter Porcher Norris

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

- Leslie Cameron Blazevich
- Madalina Body
- Katie Lynn Bond
- Wendy Alexis Burnes
- JingYuan Chen
- Caroline Elizabeth Clark
- Jonathan James Coleby
- Jake Austin Connor
- Joseph Michael Crouse
- Brian William Donovan
- Angell Wescott Doughtie
- Dylan Conrad Edwards
- Alexander Miles Erwin
- Owen James Gaffney, III
- Meredith Kristian Gay
- Nicholas Trenton Gilliam
- Jordan Marcus Gower
- Joy Ruth Hall
- Alison Raye Halter
- Elyse Shizuko Yukiko Hiraoka
- Daniel Shannon Jones
- Tevin Delaney Jones
- Michael Paul Klem
- Justin William Knight
Staff reviewed and recommended approval of the original application submitted by Jacob Edwin Hoyle. Mr. Hoyle 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:

Joan Elizabeth Atkinson  
Susan Lynn Dalton  
James Andrew Hatfield, Jr.  
Dale-Anne Jekov

Mark Jason Laughner  
Jonathan Ocampo  
Christopher John Pallen  
Eric Reeves

**Temporary Permits** - The Committee recommended that the Board approve the following temporary permits that were approved by the Executive Director:

Megan Wallenhorst Drueckrey, T11817  
Danny Lanier, Jr., T11818  
Scott Foster Armstrong, T11819  
Jakub Waldemar Malecki, T11820  
Stephen John Marquardt, T11821  
Jonathan David Austin, T11822  
Nicole Marie Scarborough, T11823  
Dennis Marlowe Vaughn, Jr., T11824  
Gregory Edward Morrow, T11825  
Brian Christopher Laya, T11826  
Elizabeth D. Hattaway, T11827  
Sharon B. Bell, T11828  
Stephen Christopher Arber, T11829

Yijing Teng Wyant, T11830  
Nicole Marie Landes, T11831  
Lauren Ann Nichols, T11832  
Eduard Antony Noriega, T11833  
John Hardin Morris, T11834  
Jian Shen, T11845  
Shawn P. Adamo, T11846  
Calvin Wade Trroup, T11847  
Matthew Scott McGuire, T11848  
Ann Sweeney Hawkins, T11849  
Randeep Singh Brar, T11850  
Peter Migui Theuri, T11851

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

James Kerry Aaron, #40141  
Ryan Ritter Dodson, #24326

Dale Kindley Miller, #26819  
Elizabeth Hanlon Sands, #35777
Reissuance of New Certificate - The Committee recommended that the Board approve the following applications for reissuance of new certificate:

Allison Watkins Lee, #34403
Robert Edward Mallernee, #15095

Firm Registration - The Committee recommended that the Board approve the professional limited liability company Anna Larson CPA PLLC that was approved by the Executive Director.

Extension Request - The Committee recommended that the Board approve Karen A. McKay, #18079, for an extension for completion of CPE until April 1, 2019.

Letters of Warning - The Committee recommended that the Board approve the requests to rescind the Letter of Warning issued to the following individuals:

Paul David Johnson, #35815
Karen A. McKay, #18079

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

Shannan Adams
Yusif Al-Yemeni
Amy Andrews
Peter Anzano
Sterling Atkinson
Alanna Aungvibool
Joanne Aydän
Tasha Barnes
Ryan Beckman
Bradley Bennett
William Black
Brittany Blackwell
Margaret Bloodworth
Letitia Boger
Kristen Boley
Seth Brim
Nolan Brown
Zachary Brown
Jack Bruns
Laura Bryant
Rebecca Carroll
Chandler Caudill
Peter Cerquone
Quincei Clark
Isabella Colasante
Amanda Corso
Lynn Couturier

Caroline Cox
Amanda Crnic
Sarah Day
Julia Dillard
Zachary Dougherty
Emilee Drake
Stewart Dula
Jessica Earles
Corey Edge
Amber Elgin
Carlyn Flake
George Francis
Laura Fulp
Thomas Galligan
Michael Giannuzzi
Sascha Gibson
Mary Gillentine
Kyle Gosland
Elondia Grant
Lauren Greene
Maxwell Gregory
Cynthia Grose
Aaron Gulibon
Madeley Hayes
Scarlett Heddle
Rachael Hendershott
Floyd Henderson
Firm Renewal and Peer Review Matters – The firms listed below submitted a renewal or termination notice less than 60 days after the deadline. Staff recommended referral to the Professional Standards Committee. The Committee recommended that the Board approve staff recommendation:

Timothy Spahr, CPA, MBA, CMA, P.L.L.C.
Timothy David Spahr, #40056
Catherine W. Johnson, CPA, PC
Catherine Wilson Johnson, #27544

REPORT OF THE AUDIT COMMITTEE – Mr. G. Massey reported that an RFP for the annual Board audit had been advertised for bids, and the Committee had recommended Bernard Robinson & Company, L.L.P. Mr. G. Massey moved, and the Board approved the recommendation of the Committee.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Executive staff provided the monthly operational metrics and the Executive Staff Report.

ADJOURNMENT: Mr. M. Massey and Ms. Taylor moved to adjourn the meeting at 2:14 p.m. Motion passed.

Respectfully submitted:

\[Signature\]
Robert N. Brooks
Executive Director

Attested to by:

\[Signature\]
Arthur M. Winstead, Jr., CPA
President
IN THE MATTER OF:
Mark T. Hawkins, CPA, #22175
Hawkins & Hawkins, PC, Firm
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, the Respondent and the Respondent Firm stipulate to the following:

1. Mark T. Hawkins, CPA (hereinafter "Respondent"), is the holder of North Carolina certificate number 22175 as a Certified Public Accountant.

2. Hawkins & Hawkins, PC (hereinafter "Respondent Firm"), is a registered certified public accounting firm in North Carolina. Hereinafter, the Respondent and the Respondent Firm shall collectively be referred to as the "Respondents."

3. The Respondents issued multiple reviews over the past five (5) years. The Respondents are enrolled in the peer review program; however, the Respondent Firm has not provided any information that a peer review has been scheduled.

4. The Respondents failed to furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within eighteen (18) months of the issuance of the first report provided to a client.
5. 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 Respondents' failure to timely complete the peer review process constitutes a violation of 21 NCAC 08N.0203(b)(7).

3. The Respondents' failure to furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within eighteen (18) months of the issuance of the first report provided to a client constitutes a violation of 21 NCAC 08M.0105.

4. Per N.C. Gen. Stat. § 93-12(9), and also by virtue of the Respondents' 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 Mark T. Hawkins, CPA, is censured.

2. The Respondent Firm may not perform any of the services listed in 21 NCAC 08M.0105(a) until such time that the Respondent Firm provides evidence of its enrollment in peer review and that a peer review has been scheduled, at which time the suspension will be stayed.
3. Upon completion of its peer review, the Respondent Firm shall provide the Board with a complete copy of its Peer Review Report, Letter of Response, and Final Letter of Acceptance for further review and evaluation by the Board.

4. The Respondent Firm shall pay a two thousand dollar ($2,000) civil penalty to be remitted with this signed Consent Order.

CONSENTED TO THIS THE 17 DAY OF February, 2020
(Day) (Month) (Year)

Mark T. Hawkins
Individual authorized to sign on behalf of Respondent Firm
Respondent

APPROVED BY THE BOARD THIS THE 17 DAY OF MARCH, 2020
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

BY: Anthony Winstead
President
IN THE MATTER OF:
Dylan Michael McNiff, #41388
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. Dylan Michael McNiff (hereinafter "Respondent"), was the holder of North Carolina certificate number 41388 as a Certified Public Accountant.

2. The Respondent informed the Board on his 2018-2019 individual certificate Renewal ("Renewal") that between January 1, 2017, and June 30, 2018, he had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2017 CPE requirements.

3. Based on the Respondent’s representation, the Board accepted his Renewal.

4. Board staff requested that the Respondent provide certificates of completion for the CPE reported to meet his 2017 and 2018 requirements.

5. Due to a misunderstanding of the CPE rules, the Respondent failed to complete the ethics course mandated to meet his 2017 CPE requirements that he claimed on his 2018-2019 annual renewal.

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.
Pursuant to N. C. Gen. Stat. § 150B-3(c), the North Carolina State Board of CPA Examiners (hereinafter "Board") finds that there is substantial evidence that Respondent Leon Little Rives, II, CPA (hereinafter "Respondent") has engaged in general and specific conduct demonstrating that he is no longer fit to continue to hold a certificate as a Certified Public Accountant. Specifically, during the period of time in which he has been a licensee and has been engaged in rendering accounting services to the public, there is substantial evidence that Respondent committed each of the following acts or omissions in violation of the North Carolina accountancy laws and rules, 21 NCAC 08N .0201 (Integrity), 21 NCAC 08N .0202 (Deceptive Conduct) and 21 NCAC 08N .0203 (Discreditable Conduct).

1. Respondent is the holder of North Carolina certificate number 29505 as a certified public accountant.

2. The Respondent disclosed that he and his firm, Rives & Associates, LLP ("Firm"), had been sued by Avalon Potts in North Carolina Business Court. Primarily, the lawsuit alleged that the Respondent had acted fraudulently and in breach of his fiduciary duty as an officer and director of Steel Tube, Inc. Other allegations contend that the Firm, through the Respondent, acted negligently and breached its contract in the preparation of Steel Tube's tax returns.

3. The lawsuit was litigated in Business Court and a jury entered a verdict against the Respondent based upon a breach of his fiduciary duty, conversion, and fraud. As a result, the Respondent was held individually liable for a total of $1,675,846. The judge has upheld the verdict and has rendered a judgment for that amount. The jury also found the Firm to be professionally negligent and entered a $40,000 judgment against it. Additionally, the jury entered $300,000 in punitive damages against the Respondent and $200,000 against the Firm upon evidence it deemed to be clear and convincing as required by N.C. Gen. Stat. §1D-15(c).

4. Based upon the prima facie evidence including the above-described Jury Verdict Sheet, Supplemental Jury Verdict Sheet and Final Judgment and Court Order, attached hereto as Exhibits 1, 2 and 3, respectively. Board finds that public welfare requires emergency
Emergency Order - 2
Leon Little Rives, II, CPA

action. The Verdicts and Final Judgment were based upon Respondent’s relationship with clients and others, the unauthorized conversion of property and fraud. In light of the seriousness of the jury’s findings and the judge’s verdict establishing the conduct in question, as well as evidence of the imminent danger of continued and irreparable harm to the public, that the public welfare requires this emergency action.

The Board therefore issues this Emergency Order, pursuant to N.C. Gen. Stat. § 150B-3(c), to summarily suspend Respondent’s certificate as a Certified Public Accountant. This Order is effective immediately at the time of service of this Order upon Respondent, and shall remain in effect until this proceeding may be concluded pursuant to North Carolina Administrative Procedure Act. A separate Notice of Hearing for this matter, and other related matters will be issued to be held in the Board Office on July 20, 2020.

Adopted by a vote of 7 to 0 by the Board on this the 17 day of March, 2020.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
BY: [Signature]
President
STATE OF NORTH CAROLINA
IREDELL COUNTY

W. AVALON POTTS, derivatively on behalf of Steel Tube, Inc.,
   Plaintiff,

v.

KEL, LLC; RIVES & ASSOCIATES, LLP;
   Defendants,

and

STEEL TUBE, INC.,
   Nominal Defendant,

and

LEON L. RIVES, II,
   Defendant/
   Counterclaimant/
   Third-Party Plaintiff,

v.

AVALON1, LLC,
   Third-Party Defendant/
   Counterclaimant.

ISSUE NO. 1: Was Steel Tube damaged by the failure of Rives to discharge his duties as a corporate director or officer?

    YES

If you answer this issue "YES," please proceed to Issue No. 2.
If you answer this issue "NO," please proceed to Issue No. 3.
ISSUE NO. 2: Did Rives use his position as officer or director to the detriment of Steel Tube and for his own benefit?

____ YES _____ (YES/NO)

Please proceed to Issue No. 3.

ISSUE NO. 3: Did Rives convert the following property of Steel Tube:
   a) The $20,000 payment to Roy Lazenby;
   b) The $7,500 monthly withdrawals or checks written to Rives;
   c) The $10,500 cashier's check to Rives;
   d) The $62,875 distribution to Rives; or
   e) The $4,221 balance in the Wells Fargo account?

____ YES _____ (YES/NO)

If you answer “YES” to one or more of Issues 1, 2, or 3, please proceed to Issue No. 4. If you answer “NO” to all of Issues 1, 2, and 3, please proceed to Issue No. 5(a).

ISSUE NO. 4: What amount of damages, if any, is Steel Tube entitled to recover from Rives?

$1,245,750

Please proceed to Issue No. 5(a).

ISSUE NO. 5(a): Was Steel Tube damaged by the fraud of Rives?

____ YES _____ (YES/NO)

If you answer this issue “YES,” please proceed to Issue No. 5(b). If you answer this issue “NO,” please proceed to Issue No. 6(a).
ISSUE NO. 5(b): What amount, if any, is Steel Tube entitled to recover from Rives as damages for fraud?

$390,094.00

Please proceed to Issue No. 6(a).

ISSUE NO. 6(a): Was Steel Tube damaged by the negligence, if any, of Rives & Associates?

[Circle: YES or NO]

If you answer this issue “YES,” please proceed to Issue No. 6(b).
If you answer this issue “NO,” please proceed to Issue No. 7(a).

ISSUE NO. 6(b): What amount, if any, is Steel Tube entitled to recover from Rives & Associates's professional negligence?

$400,000.00

Please proceed to Issue No. 7(a).

ISSUE NO. 7(a): Did Avalon send Rives a reasonable notification of the public sale of Rives's shares of Steel Tube?

[Circle: YES or NO]

Please proceed to Issue No. 7(b).
ISSUE NO. 7(b): Did Avalon1 sell Rives's shares in a commercially reasonable manner?

[ ] YES [ ] NO

If you answer "NO" to either Issue 7(a) or 7(b), please proceed to Issue No. 7(c). If you answer "YES" to both Issue 7(a) and 7(b), please stop.

ISSUE NO. 7(c): What amount of deficiency, if any, would have resulted had Avalon1 disposed of Rives's shares in a commercially reasonable manner?

$ $0

The jury has considered the issues submitted to it in accordance with the Court's instructions, and the answers written above represent its unanimous verdict.

This 11 day of December, 2019.

[Signature]

Foreperson
IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
16 CVS 2877

SUPPLEMENTAL VERDICT SHEET

STATE OF NORTH CAROLINA
IREDELL COUNTY

W. AVALON POTTS, derivatively on behalf of Steel Tube, Inc.,

Plaintiff,

v.

KEL, LLC; RIVES & ASSOCIATES, LLP;

Defendants,

and

STEEL TUBE, INC.,

Nominal Defendant,

and

LEON L. RIVES, II,

Defendant/Counterclaimant/
Third-Party Plaintiff,

v.

AVALON1, LLC,

Third-Party Defendant/Counterclaimant.

F I L E D
DEC 11 2019

AT 3:55 PM

BY CLERK OF SUPERIOR COURT

Case No. 2016CVS2877 ECF No. 211 Filed 01/08/2020 09:34:17 N.C. Business Court
SUPPLEMENTAL ISSUE NO. 1: Are Rives and Rives & Associates liable to Steel Tube for punitive damages?

Rives: [Signature] (YES/NO) yes

Rives & Associates: [Signature] (YES/NO) yes

If you answer this issue "YES" as to one or both defendants, please proceed to answer Supplemental Issue No. 2 for that defendant or defendants.

If you answer this issue "NO" as to both defendants, please stop.

SUPPLEMENTAL ISSUE NO. 2: What amount of punitive damages, if any, does the jury in its discretion award to Steel Tube?

Rives: $300,000

Rives & Associates: $200,000

The jury has considered the issues submitted to it in accordance with the Court's instructions, and the answers written above represent its unanimous verdict.

This 11 day of December, 2019.

[Signature]
Foreperson
STATE OF NORTH CAROLINA
IREDELL COUNTY

W. AVALON POTTS, derivatively on behalf of Steel Tube, Inc.,

Plaintiff,

v.

KEL, LLC; RIVES & ASSOCIATES, LLP;

Defendants,

and

STEEL TUBE, INC.,

Nominal Defendant,

and

LEON L. RIVES, II,

Defendant/Counterclaimant/
Third-Party Plaintiff,

v.

AVALON1, LLC,

Third-Party Defendant/Counterclaimant.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
16 CVS 2877

FINAL JUDGMENT

THIS CASE was designated a mandatory complex business case by Order of
the Chief Justice of the North Carolina Supreme Court pursuant to N.C.G.S. § 7A-45.4(a)(1) and assigned to the undersigned Special Superior Court Judge for Complex Business Cases.

This case was tried from December 2, 2019 through December 11, 2019, in the
Superior Court of Iredell County. The claims of Plaintiff Avalon Potts, brought
derivatively on behalf of Steel Tube, Inc., for breach of fiduciary duty, constructive fraud, conversion, and fraud against Defendant Leon L. Rives II and for professional negligence against Defendant Rives & Associates, LLP were tried to the jury. In addition, the claim of Counterclaimant Avalon1, LLC for deficiency under Article 9 of the North Carolina Uniform Commercial Code was tried to the jury. Finally, the issue of punitive damages against Rives and Rives & Associates was bifurcated pursuant to N.C.G.S. § 1D-30 and was tried to the jury following the jury's verdict finding both Defendants liable for compensatory damages.

At trial, the Court directed a verdict for Potts on Rives's counterclaims for breach of fiduciary duty, declaratory judgment, and quantum meruit, and directed a verdict for Avalon1 on Rives's claim for surplus under Article 9 of the North Carolina Uniform Commercial Code. In addition, the Court directed a verdict at trial for Rives and Rives & Associates on Potts's derivative claims for civil conspiracy and facilitation of fraud. The Court denied all other motions for directed verdict.

On December 11, 2019, the jury returned its verdict on the issues of liability and compensatory damages submitted as follows:

1. Was Steel Tube damaged by the failure of Rives to discharge his duties as a corporate director or officer?
   Yes.

2. Did Rives use his position as officer or director to the detriment of Steel Tube and for his own benefit?
   Yes.
3. Did Rives convert the following property of Steel Tube:
   a. The $20,000 payment to Roy Lazenby;
   b. The $7,500 monthly withdrawals or checks written to Rives;
   c. The $10,500 cashier’s check to Rives;
   d. The $62,875 distribution to Rives; or
   e. The $4,221 balance in the Wells Fargo account?
      Yes.

4. What amount of damages, if any, is Steel Tube entitled to recover from Rives?
   $1,285,750

5. Was Steel Tube damaged by the fraud of Rives?
   Yes.

6. What amount, if any, is Steel Tube entitled to recover from Rives as damages for fraud?
   $390,096

7. Was Steel Tube damaged by the negligence, if any, of Rives & Associates?
   Yes.

8. What amount, if any, is Steel Tube entitled to recover from Rives & Associate’s professional negligence?
   $40,000

9. Did AvalonI send Rives a reasonable notification of the public sale of Rives’s shares of Steel Tube?
Yes.

10. Did Avalon1 sell Rives’s shares in a commercially reasonable manner?

Yes.

Subsequently, on December 11, 2019, the jury returned its verdict on the bifurcated issues of punitive damages submitted as follows:

1. Are Rives and Rives & Associates liable to Steel Tube for punitive damages?
   Rives: Yes.
   Rives & Associates: Yes.

2. What amount of punitive damages, if any, does the jury in its discretion award to Steel Tube?
   Rives: $300,000
   Rives & Associates: $200,000

The amount of punitive damages awarded by the jury is within the statutory limit provided in N.C.G.S. § 1D-25. The amount awarded against Rives does not exceed three times the amount of compensatory damages awarded, the amount awarded against Rives & Associates does not exceed $250,000, and the total amount awarded to Steel Tube does not exceed three times the amount of total compensatory damages awarded.

Given the jury’s verdict finding that Avalon1 provided notice and sold Rives’s shares of Steel Tube in a commercially reasonable manner, the issue regarding the amount of deficiency owed by Rives to Avalon1 was not submitted to the jury, but was rather stipulated by the parties to be $278,000. Given the jury’s affirmative answers
on the issues related to commercial reasonableness of the sale, the Court finds, based on the stipulation of the parties, that Avalon1 is entitled to recover from Rives a deficiency in the amount of $278,000.

IT IS THEREFORE ORDERED, based on the verdict of the jury:

a. That judgment is entered for Steel Tube as to the claims for breach of fiduciary duty, constructive fraud, conversion, and fraud against Rives in the total amount of $1,675,846 plus prejudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date this action was commenced, November 29, 2016, through the date of entry of this judgment, plus postjudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date of entry of this judgment until the judgment is satisfied.

b. That judgment is entered for Steel Tube as to the claim for professional negligence against Rives & Associates in the total amount of $40,000 plus prejudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date this action was commenced against Rives & Associates, February 22, 2017, through the date of entry of this judgment, plus postjudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date of entry of this judgment until the judgment is satisfied.

c. That judgment is entered for Avalon1 as to its counterclaim for deficiency against Rives in the total amount of $278,000 plus
prejudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date this counterclaim was asserted in this action, October 30, 2017, through the date of entry of this judgment, plus postjudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date of entry of this judgment until the judgment is satisfied.

d. That judgment is entered for Steel Tube as to punitive damages against Rives in the total amount of $300,000 plus postjudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date of entry of this judgment until the judgment is satisfied.

e. That judgment is entered for Steel Tube as to punitive damages against Rives & Associates in the total amount of $200,000 plus postjudgment interest pursuant to N.C.G.S. § 24-5(b) at the legal rate of 8% per annum from the date of entry of this judgment until the judgment is satisfied.

f. That judgment is entered for Potts as to Rives's claims for breach of fiduciary duty, declaratory judgment, and quantum meruit, and those claims are DISMISSED WITH PREJUDICE.

g. That judgment is entered for Avalon as to Rives’s claim for surplus under Article 9 of the North Carolina Uniform Commercial Code, and that claim is DISMISSED WITH PREJUDICE.

h. That judgment is entered for Rives and Rives & Associates as to the claims of Potts, brought derivatively on behalf of Steel Tube, for civil
conspiracy and facilitation of fraud, and that those claims are
DISMISSED WITH PREJUDICE.

The Court shall address the taxation of costs as may be filed based on this
decision upon separate application by the parties.

SO ORDERED, this the 8th day of January, 2020.

/s/ Adam M. Conrad
Adam M. Conrad
Special Superior Court Judge
for Complex Business Cases
Consent Order - 2
Dylan Michael McNiff

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. The Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).

3. Per N.C. Gen. Stat. § 93-12(9) 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's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. The Respondent's failure to adequately renew his certificate results in a forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).

2. The Respondent must return his certificate to the Board within fifteen (15) days of his receipt of the Board's notification of its approval of this Consent Order.

3. The Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order as long as the civil penalty required in number five (5) of this Order has been timely received by the Board.

4. The Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
   a. Application form,
   b. Payment of the application fee,
   c. Three (3) moral character affidavits, and
   d. Forty (40) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs.

5. The Respondent shall pay a one thousand dollar ($1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
6. The 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 certificate.

CONSENTED TO THIS THE 4th DAY OF February, 2020
(Day) (Month) (Year)

[Signature]
Respondent

APPROVED BY THE BOARD THIS THE 17 DAY OF March, 2020
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

BY: [Signature]
President