



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS' SPECIAL MEETING
HOLDEN BEACH TOWN HALL – PUBLIC ASSEMBLY
TUESDAY, OCTOBER 29, 2019 – 10:00 A.M.**

1. Call to Order
2. Executive Session Pursuant to North Carolina General Statute 143-318.11(a)(3)
 - a. Town Attorney Report with Respect to Allegations of Fraud and Professional Misconduct by the Town's Auditor, Rives and Associates, LLP, Raised by Mayor Holden at October 15, 2019 Regular Meeting of the BOC and in Subsequent Public Statements (the "Fraud Allegations") – Commissioners Butler & Freer
 - b. Discussion and Possible Action with Respect to Public Release of Town Attorney Report and Related Materials – Commissioners Butler and Freer
3. Public Comment with Respect to Special Meeting Agenda Items
4. Discussion and Determination with Respect to the Creditability of and/ or Possible Further Action Required with Respect to the Fraud Allegations – Commissioner Butler
5. Discussion and Possible Action Directing the Audit Committee (or a subcommittee of the Audit Committee) to: (i) Review the Sources of the Fraud Allegations and Report to the BOC; (ii) Recommend Any Appropriate Sanctions; and (iii) Recommend Remedial Policies or Procedures with Respect to Obstruction, Interference or Non-Cooperation in Connection with Audits, Investigations or Reviews of the Town's Financial Affairs – Commissioner Freer
6. Adjournment

September 26, 2019

Town of Holden Beach
110 Rothschild Street
Holden Beach, NC 28462
Attn: Mayor J. Alan Holden

Dear Mayor Holden,

After reading Lou's Views, regarding the selection of an External Audit Firm, I am writing as a concerned citizen. If you conduct an internet search for "Rives & Associates, LLC Law suits", here are a few examples of what was revealed: their firm was found guilty of fraud by PCTEL, sued by former partners, and scheduled to go to trial in December 2019 for dishonest business practices.

An external audit conducted by Rives & Associates would not be viewed with credibility, due to the number of law suits and dishonest business practices listed. According to Lou's Views the vote was:

A decision was made - Approved (3-2)

Commissioners Kwiatkowski and Sullivan both voted against retaining Rives as our auditor.

I'm certain the Commissioners that approved retaining Rives & Associates LLC as the External Audit Firm are apparently unaware. Please share the information with the Commissioners and reconsider.

Thank you very much,

Web results: search "Rives and Associates lawsuits"

Steel & Tube : Rives, CPA firm lawsuit to go to trial | Market Screener

<https://www.marketscreener.com/.../Steel-Tube-Rives-CPA-firm-lawsuit-to-go-to-trial-...>

5 hours ago 03/19/2019 | 06:47pm EDT - **Rives & Associates**, the Lexington CPA firm co-owned by **Rives**, came into the lawsuit after Potts alleged that **Rives**, on behalf of the firm, .

Rives, CPA firm lawsuit to go to trial - News - The Dispatch - Lexington...

<https://www.the-dispatch.com/news/20190619/rives-cpa-firm-lawsuit-to-go-to-trial>

4 days ago - Plaintiff W. Avalon Potts, now the sole owner of Iredell County-based Steel Tube Inc., will face **Rives** in court Dec. 2. ... On May 9, Judge Adam Conrad in Charlotte denied a number of the **Rives** motions to dismiss, including the allegations of fraud and breach of fiduciary duty against both **Rives** and ...

Potts v. KEL, LLC, 2019 NCBC 29. STATE OF NORTH CAROLINA ...

https://www.nccourts.gov/assets/documents/opinions/2019_NCBC_29.pdf?...

6 CVS 2877. W. AVALON POTTS, individually and derivatively on behalf of Steel Tube, Inc., Plaintiff, v. KEL, LLC; RIVES & ASSOCIATES, LLP, Defendants,.

Steel Tube Inc. court battle continues years later | News | statesville.com

https://www.statesville.com/.../article_baa0b7e8-a0b5-11e8-9ad2-478c9643a1be.html

Aug 15, 2018 - A lawsuit by the owner of Statesville-based Steel Tube Inc. against a former ... According to court documents, **Rives & Associates** provided tax ...

Lawsuit: Lexington CPA defrauded company - The Dispatch

<https://www.the-dispatch.com/news/.../lawsuit-lexington-cpa-defrauded-company>

Jul 30, 2018 - **Rives & Associates**, the Lexington CPA firm co-owned by **Rives**, came into the lawsuit after Potts alleged that **Rives**, on behalf of the firm, ...

Gregory T. Reagan, CPA/CFF/ABV, CFE, CVA Managing Director ...

<reaganfv.com/Media/Files/Greg%20Regan%20CV%20-%20June%202018.pdf>

Jun 1, 2018 - Leon L. **Rives**, II; KEL, LLC; **Rives & Associates**, charges filed as reimbursable expenses in a class-action lawsuit settlement (2014 – Written ...

Potts v. KEL, LLC

www.unfairtradepracticesnc.com/wp-content/uploads/.../Potts-v.-Steel-Tube-Inc..pdf

Mar 27, 2018 - his firm **Rives & Associates**, LLP, and two companies allegedly owned by **Rives's** Potts asserts his claim for fraud against **Rives**. He alleges ...

Chesson v. Rives, 2016 NCBC 90. STATE OF NORTH CAROLINA ...

https://www.nccourts.gov/assets/documents/opinions/2016_NCBC_90.pdf?...Zd8vdU...

Defendant **Rives & Associates**, LLP ("RA") was formed in 2004 as a North Carolina ... Dixon Hughes sued Chesson for breach of his contractual obligation to.

...

Chesson v. Rives, 2013 NCBC 49 - North Carolina Business Litigation ..

<https://www.ncbusinesslitigationreport.com/uploads/file/2013NCBC49.pdf>

owner of twenty percent (20%) of the Defendant **Rives & Associates**, LLP.

... fraud against William **Rives** and Leon **Rives**; (4) constructive expulsion against all.

What Withdrawing Partners Can Expect | North Carolina Business ...

<https://www.ncbusinesslitigationreport.com/.../what-withdrawing-partners-can-expect>

Nov 4, 2013 - **Rives**, 2013 NCBC 49, decided last week. ... Chesson, one of the Plaintiffs, was a partner in an accounting firm, **Rives & Associates**, an LLP. ... and then sued two of their former partners on a variety of claims, including breach

EX-99.2 - SEC.gov

<https://www.sec.gov/Archives/edgar/data/1057083/.../d414682dex992.htm>

/s/ **Rives & Associates** In 2010 the Company was involved in a lawsuit with All-Tech concerning the manufacturing of towers in violation of a patent. Incurred ...

1 north carolina in the general court of justice superior court division ...

<ftpcontent4.worldnow.com/.../Cannon%20Surety%20REVISED%20counterclaim%20...>

A 2016 independent examination conducted by **Rives & Associates** ("**Rives**") was ...

Multiple pending lawsuits, of which the Attorney General's office and DOI are ...

PCTEL settles with Rives & Associates on financial statements ...

www.the-dispatch.com/article/20141021/Business/605038207

Oct 21, 2014 - The details of the impact of this settlement on PCTEL's 2014 financial statements will be discussed at the company's third-quarter earnings call on Oct. 30. PCTEL bought Lexington-based TelWorx for \$16.5 million. ... PCTEL, a provider of antennas and scanning receiver services ...

PCTEL, INC. et al v. RIVES & ASSOCIATES, LLP et al :: Justia Dockets ...

<https://dockets.justia.com/docket/north-carolina/ncmdce/1:2013cv00854/63960>

Sep 26, 2013 - Defendant: **AARON PRAVIN PATEL, WILLIAM LEON RIVES, LEON LITTLE RIVES, II, RIVES & ASSOCIATES, LLP** and **THE ORR GROUP, LLC**. Case Number: 1:2013cv00854 ... Nature of Suit: **Other Fraud**. Cause of Action:

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 9, 2012

Date of Report (date of earliest event reported)

PCTEL, Inc.

<https://investor.pctel.com/static-files/5e29fe30-91f7-45e8-aaaf-e494480876bc>

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 2)

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<https://investor.pctel.com/static-files/81978e7f-f207-495e-b385-f56cd14cfa58>

<https://www.sec.gov/Archives/edgar/data/1057083/000119312513103694/d501706d8ka.htm>

Peter Freer

**Commissioner and Executive Secretary
Town of Holden Beach
Board of Commissioners
110 Rothschild Street
Holden Beach NC 28462**

Joe Butler

**Commissioner
Town of Holden Beach
Board of Commissioners
110 Rothschild Street
Holden Beach NC 28462**

October 22, 2019

**Subject: Special Meeting of the Board of Commissioners –
Request for Availability to Attend**

Dear Mr. Richardson:

As you are aware, last Tuesday evening, October 15, 2019, at the end of the Town of Holden Beach Board of Commissioners Meeting, Mayor Alan Holden read an anonymous letter that he received by mail in his capacity as Mayor. Although he proposed to introduce the letter into the minutes of the meeting, he did not provide a copy to you or any of the Commissioners. We requested a copy from the Town Clerk and received it today.

The anonymous letter states that the accounting firm of Rives & Associates, the Town's Auditor has "been found guilty of fraud by PCTEL [SIC], sued by former partners, and scheduled to go to trial in December 2019 for dishonest business practices."

The subject matter was introduced under the Mayor's Comments at the end of the meeting and was therefore not subject to debate. The Mayor did not provide copies in advance, even though the letter is dated September 26, It seems apparent that the purpose of the Mayor's statement and the introduction of his "anonymous poison pen letter" was to discredit the reputation of the Town's auditor and three of the Commissioners currently standing for re-election, Butler, Fletcher and Freer. It is expected that the audit will again find a Material Weakness and a Significant Deficiency.

Inappropriate conduct and political considerations aside, we believe that the Mayor's accusations must be taken very seriously and must be fully investigated as expeditiously as possible. When he read from this letter, he was clearly doing so in his official capacity as Mayor during the conduct of a Regular Meeting of the Board of Commissioners. The allegations read by the Mayor are on their face libelous and defamatory of a professional firm whose business depends largely upon its reputation for professional and fiduciary propriety. Since the Mayor claims the letter is anonymous and he does not know the author or source he endorsed its contents with the full weight of his office, as Mayor.

While the underlying facts are still not completely known, it appears that the allegations were false.

We propose to schedule a Special Meeting of the BOC for the earliest feasible date and time to review and, if appropriate, take action with respect to this matter.

Your presence as Town Attorney at this meeting is, of course, essential. We are writing to determine your availability before we call for the Special Meeting. Given the time sensitivity, and the fact that the Mayor continues to repeat these allegations in public, this is a matter of urgency. Please let us know by reply email your earliest availability.

So that you may be more fully prepared for the meeting, we are attaching a copy of the letter read by the Mayor. We think it would be very helpful if you could review the Mayor's statements and be prepared to advise the BOC as to the status of any claims made or criminal or civil cases pending against our auditor. At a minimum please check with the LGC as they approve our Audit contract as well as the final audit. Please also be prepared to advise the BOC with respect to appropriate actions to protect the Town, both in the event that Rives & Associates is, in fact, guilty of fraud and professional misconduct as the Mayor has claimed, or in the event that the Mayor's claims are unfounded and/or libelous.

Finally, we believe it is important that as Town Attorney you contact the Mayor immediately and take custody of the original letter and any related emails or other documents; these are, of course, public records delivered to him in his official capacity --- not correspondence of Mr. Holden's in his private capacity. Given questions that have already been raised about this letter, its authenticity and the Town's potential liability, it is critical that we preserve all relevant evidence.

Thank you for your prompt attention to this matter. Please advise us of the dates and times you would be available by reply email. If you should have any questions or require additional information, please feel free to call either of us.

Respectfully,

Commissioner Peter Freer, Executive Secretary
Commissioner Joe Butler

CPAVerify Firm Report Results

NAME: RIVES & ASSOCIATES, LLP
STATE OF LICENSE: NC
LAST UPDATED: 2019-10-16

Address:	Business RIVES & ASSOCIATES, LLP 4515 FALLS OF NEUSE ROAD STE 450 RALEIGH, NC, USA 27609 31579
License/Permit/Certificate Number:	
Registration Number:	
License/Permit/Certificate Status:	ACTIVE
License/Certificate Status Details:	A person who possesses a North Carolina certificate of qualification and who has not otherwise been granted Retired, Inactive, or Conditional status.
License Type:	CPA FIRM CERTIFICATE
License Type Details:	Entity created by CPAs for the practice of public accounting.
Basis for License:	
Issue Date:	2008-11-19
Expiration Date:	2019-12-31
Enforcement, Non-Compliance or Disciplinary Actions:	None Reported To This Site By The Board
Other Information:	

Contact the Board for official verification of information.

State Board Contact Information:	NORTH CAROLINA STATE BOARD OF CPA EXAMINERS 1101 OBERLIN ROAD SUITE 104 RALEIGH, NC 27605-1169 Phone: 919-733-4222 Fax: 919-733-4209 Website: http://www.nccpaboard.gov Licensee Lookup: http://nccpaboard.gov/welcome/search-the-database/
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Details of Enforcement, Non-Compliance or Disciplinary Actions:

1. If "Contact State Board For Details" is displayed then the State Board has reported some type of enforcement, non-compliance or disciplinary action to this site and the State Board should be contacted for full details about the action reported.
2. If "None Reported To This Site By The Board" is displayed then the State Board provides enforcement, non-compliance and disciplinary action data to this site and none was indicated for this record.
3. If "State Does Not Provide This Type of Data At This Site" is displayed then CPAVerify is not currently receiving enforcement, non-compliance or disciplinary action data for licensees in this state. Some states are limited to sharing this type of data with third party websites due to privacy laws or policies, but most State Boards offer this information on their official State Board websites.
4. Contact the State Board for official verification of all enforcement, non-compliance and disciplinary activity.

The results shown here include all data made available by participating states. Additional data about the individual or firm may exist and is not shown here for other states that are not yet participating in the CPAVerify website. Please refer to the Participating States tab for more information about which states are currently sharing their licensing data for use with this website and for clarification about which states these results do not include. If the Board of interest is not participating, you may refer to the "Contact Boards" tab where a link to every Boards' website and therefore individual license lookup tool is available.