

## Burgos, Alexander N

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**Subject:** FW: [External] Updated Rules

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**From:** David Nance <DavidNance@nccpaboard.gov>

**Sent:** Monday, April 27, 2026 2:29 PM

**To:** Ascher, Seth M <seth.ascher@oah.nc.gov>

**Cc:** Felecia Ashe <FeleciaAshe@nccpaboard.gov>; Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Frank Trainor <FrankTrainor@nccpaboard.gov>

**Subject:** RE: [External] Updated Rules

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Seth:

Per your email below and conversations with Frank Trainor, the Board's staff attorney, we would request that our rules be placed on the May 2026 agenda to allow us sufficient time to address the items that you brought up below. Let me know if I need to do anything else in regard to this rescheduling. Thanks.

*David R. Nance, CPA*

Executive Director

NC State Board of CPA Examiners

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**From:** Ascher, Seth M <[seth.ascher@oah.nc.gov](mailto:seth.ascher@oah.nc.gov)>

**Sent:** Monday, April 27, 2026 1:26 PM

**To:** David Nance <[DavidNance@nccpaboard.gov](mailto:DavidNance@nccpaboard.gov)>

**Cc:** Felecia Ashe <[FeleciaAshe@nccpaboard.gov](mailto:FeleciaAshe@nccpaboard.gov)>; Burgos, Alexander N <[alexander.burgos@oah.nc.gov](mailto:alexander.burgos@oah.nc.gov)>

**Subject:** Re: [External] Updated Rules

Good afternoon,

A commissioner brought a concern to my attention regarding the use of good moral character in your rules. As I believe I mentioned during the pre-review, this issue is newly relevant following a recent Supreme Court decision (Devalle v. N.C. Sheriffs' Educ. And Training Standards Commission, <https://www.nccourts.gov/documents/appellate-court-opinions/devalle-v-nc-sheriffs-educ-training-standards-commn-0>). The commissioner is concerned that there are potential clarity problems with how it is used in some of your rules, but noted that you have two rules (21 NCAC 08F .0502(b) and 21 NCAC 08F .0505(b)(5)) which suggest a clear definition for good moral character.

As a practical matter and given the timing, I see three options for your rules: 1) update the rules prior to the meeting to address the commissioner's concern (described below), 2) request an extension for the rules to have time to consider this before the May meeting, or 3) go forward with the rules as is which may result in an approval contingent on a technical change or an objection.

The easiest fix I can think of would be to add a definition of "good moral character" to your definition rule (21 NCAC 08A .0301). Something like " "Good moral character" means conscientiously acting within the expectations of the professional responsibilities of a CPA." If you go this route, you would also need to add "good" to references to "moral character" in 21 NCAC 08J .0106(d)(6) and 21 NCAC 08J .0113(b)(6).

For reference, here are the rules that appear to be directly impacted by this issue:

21 NCAC 08F .0103(b)(3) (line 13) and (f) (lines 31-33): Good moral character stated but not defined.

21 NCAC 08F .0502(b) refers to good moral character and indicates it involves "conscientiously observ[ing] the professional responsibilities of a CPA."

21 NCAC 08F .0505(b)(5) suggests the term is fulfilled by acting "within the expectations of the professional responsibilities of a CPA."

21 NCAC 08J .0106(d)(6) refers to "moral character".

21 NCAC 08J .0113(b)(6) refers to "moral character".

21 NCAC 08N .0203(b)(1) good moral character referred to as part of prohibited discreditable conduct.

21 NCAC 08N .0302(f)(4) applies good moral character concept to non-CPA owners.

Let me know if you have any questions and how you would like to proceed.

**Seth Ascher**

Counsel to the North Carolina Rules Review Commission

Office of Administrative Hearings

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