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Contact List for Rulemaking Questions or Concerns

For questions or concerns regarding the Administrative Procedure Act or any of its components, consult with the agencies below. The bolded headings are typical issues which the given agency can address, but are not inclusive.

**Rule Notices, Filings, Register, Deadlines, Copies of Proposed Rules, etc.**

Office of Administrative Hearings  
Rules Division  
1711 New Hope Church Road  
Raleigh, North Carolina 27609  
(919) 431-3000  
(919) 431-3014 FAX

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(919) 431-3083

**Rule Review and Legal Issues**

Rules Review Commission  
1711 New Hope Church Road  
Raleigh, North Carolina 27609  
(919) 431-3000  
(919) 431-3104 FAX

Contact: Joe DeLuca Jr., Commission Counsel  
joe.deluca@oah.nc.gov  
(919) 431-3081

Bobby Bryan, Commission Counsel  
bobby.bryan@oah.nc.gov  
(919) 431-3079

**Fiscal Notes & Economic Analysis**

Office of State Budget and Management  
116 West Jones Street  
Raleigh, North Carolina 27603-8005  
(919) 807-4700  
(919) 733-0640 FAX

Contact: Anca Grozav, Economic Analyst  
osbmruleanalysis@osbm.nc.gov  
(919) 807-4740

NC Association of County Commissioners  
215 North Dawson Street  
Raleigh, North Carolina 27603  
(919) 715-2893

Contact: Jim Blackburn  
jim.blackburn@ncacc.org

Rebecca Troutman  
rebecca.troutman@ncacc.org

NC League of Municipalities  
215 North Dawson Street  
Raleigh, North Carolina 27603  
(919) 715-4000

Contact: Erin L. Wynia  
ewynia@nclm.org

**Governor’s Review**

Edwin M. Speas, Jr.  
edwin.speas@nc.gov

General Counsel to the Governor  
(919) 733-5811

116 West Jones Street  
20301 Mail Service Center  
Raleigh, North Carolina 27699-0301

**Legislative Process Concerning Rule-making**

Joint Legislative Administrative Procedure Oversight Committee  
545 Legislative Office Building  
300 North Salisbury Street  
Raleigh, North Carolina 27611  
(919) 733-2578  
(919) 715-5460 FAX

Contact: Karen Cochrane-Brown, Staff Attorney  
Karen.cochrane-brown@ncleg.net

Jeff Hudson, Staff Attorney  
Jeffrey.hudson@ncleg.net

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EXPLANATION OF THE PUBLICATION SCHEDULE

This Publication Schedule is prepared by the Office of Administrative Hearings as a public service and the computation of time periods are not to be deemed binding or controlling. Time is computed according to 26 NCAC 2C .0302 and the Rules of Civil Procedure, Rule 6.

GENERAL

The North Carolina Register shall be published twice a month and contains the following information submitted for publication by a state agency:
(1) temporary rules;
(2) notices of rule-making proceedings;
(3) text of proposed rules;
(4) text of permanent rules approved by the Rules Review Commission;
(5) notices of receipt of a petition for municipal incorporation, as required by G.S. 120-165;
(6) Executive Orders of the Governor;
(7) final decision letters from the U.S. Attorney General concerning changes in laws affecting voting in a jurisdiction subject of Section 5 of the Voting Rights Act of 1965, as required by G.S. 120-30.9H;
(8) orders of the Tax Review Board issued under G.S. 105-241.2; and
(9) other information the Codifier of Rules determines to be helpful to the public.

FILING DEADLINES

ISSUE DATE: The Register is published on the first and fifteen of each month if the first or fifteenth of the month is not a Saturday, Sunday, or State holiday for employees mandated by the State Personnel Commission. If the first or fifteenth of any month is a Saturday, Sunday, or a holiday for State employees, the North Carolina Register issue for that day will be published on the day of that month after the first or fifteenth that is not a Saturday, Sunday, or holiday for State employees.

LAST DAY FOR FILING: The last day for filing for any issue is 15 days before the issue date excluding Saturdays, Sundays, and holidays for State employees.

NOTICE OF TEXT

EARLIEST DATE FOR PUBLIC HEARING: The hearing date shall be at least 15 days after the date a notice of the hearing is published.

END OF REQUIRED COMMENT PERIOD
An agency shall accept comments on the text of a proposed rule for at least 60 days after the text is published or until the date of any public hearings held on the proposed rule, whichever is longer.

DEADLINE TO SUBMIT TO THE RULES REVIEW COMMISSION: The Commission shall review a rule submitted to it on or before the twentieth of a month by the last day of the next month.

FIRST LEGISLATIVE DAY OF THE NEXT REGULAR SESSION OF THE GENERAL ASSEMBLY: This date is the first legislative day of the next regular session of the General Assembly following approval of the rule by the Rules Review Commission. See G.S. 150B-21.3, Effective date of rules.
EXECUTIVE ORDER NO. 48

TEMPORARY SUSPENSION OF MOTOR VEHICLE REGULATIONS TO TRANSPORT ESSENTIAL FEED AND SUPPLIES TO POULTRY FARMS

WHEREAS, I have determined that a state of emergency exists due to the after-effects of the winter storm in the North Carolina counties of Alexander, Surry, Wilkes and Yadkin justifying an exemption from 49 CFR Part 395 (Federal Motor Carrier Safety Regulations); and

WHEREAS, the uninterrupted supply of feed and supplies to our poultry industry is necessary for the economic well-being of persons and the industry to the State; and

WHEREAS, 49 CFR § 390.23 allows the governor of a state to suspend the rules and regulations under 49 CFR Part 395 for up to 30 days if the Governor determines that an emergency condition exists; and

WHEREAS, under N.C.G.S. §§ 166A-4 and 166A-6.03(b), the Governor may declare that the health, safety, or economic well-being of persons or property in this State require that the maximum hours of service for drivers proscribed by N.C.G.S. § 20-381 should be waived for persons transporting essential feed and supplies for the poultry farms in those impacted counties.

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and the laws of the State of North Carolina, IT IS ORDERED:

Section 1.

The Department of Crime Control and Public Safety in conjunction with the North Carolina Department of Transportation shall waive the maximum hours of service for drivers proscribed by the Department of Crime Control and Public Safety pursuant to N.C.G.S. § 20-381.
Section 2.

Notwithstanding the waiver set forth above, size and weight restrictions and penalties are not waived.

Section 3.

The waiver of regulations under 49 CFR Part 395 (Federal Motor Carrier Safety Regulations) does not apply to the commercial drivers’ licenses and insurance requirements.

Section 4.

The North Carolina State Highway Patrol shall enforce the conditions set forth in Sections 1, 2, and 3 of this Executive Order in a manner which will implement this rule without endangering motorists in North Carolina.

Section 5.

Upon request by law enforcement officers, exempted vehicles must produce documentation sufficient to establish their loads are being used for relief efforts associated with the winter storm in the impacted counties.

Section 6.

This Executive Order is effective immediately and shall remain in effect for thirty (30) days or the duration of the emergency, whichever is less.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this fifth day of February in the year of our Lord two thousand and ten, and of the Independence of the United States of America the two hundred and thirty-fourth.

\[Signature\]

Beverly Perdue
Governor

ATTEST:

\[Signature\]

Elaine F. Marshall
Secretary of State
EXECUTIVE ORDER NO. 49
NORTH CAROLINA MOTORSPORTS ADVISORY COUNCIL

WHEREAS, North Carolina is the “State of Racing” and home to the motorsports industry; and

WHEREAS, motorsports racing, including circle track and drag racing, is a part of the heritage of North Carolina; and

WHEREAS, the first NASCAR race was held in Charlotte in 1949, and North Carolina is home to 90 percent of NASCAR teams and the NASCAR Hall of Fame; and

WHEREAS, North Carolina hosts NASCAR events, National Hot Rod Association events, and International Hot Rod Association events; and

WHEREAS, the motorsports industry contributes over $6 billion a year to the State’s economy, providing more than 27,000 direct and indirect jobs to our citizens; and

WHEREAS, the motorsports industry has had to adjust to the global economic recession and the reorganization of the American automotive industry; and

WHEREAS, the State of North Carolina must consider measures that will preserve, strengthen, and expand this historical industry in North Carolina.

NOW THEREFORE, by the power vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS ORDERED:

Section 1. Establishment

The North Carolina Motorsports Advisory Council (“Advisory Council”) is hereby established. The Advisory Council shall consist of at least 15 members, but no more than 30 members, appointed by the Governor. The Governor shall designate a Chair and Vice Chair. Members shall include, but not be limited to, representatives of the motorsports industry and related industries.
Section 2.  Term of Membership and Vacancies

All members shall be appointed for a term of two (2) years and shall serve at the pleasure of the Governor. A vacancy occurring during a term of appointment shall be filled by the Governor for the balance of the unexpired term.

Section 3.  Meetings

The Advisory Council shall meet quarterly and at other times at the call of the Chair or the Governor.

(a) A majority of the members of the Advisory Council shall constitute a quorum for the transaction of business.

(b) No per diem allowance shall be paid to members of the Advisory Council. Members of the Advisory Council may receive necessary travel and subsistence expenses in accordance with State law and the policies and regulations of the Office of State Budget and Management.

Section 4.  Staff Assistance

The Department of Commerce shall provide clerical support and other services required by the Advisory Council.

Section 6.  Duties

The Advisory Council shall have the following duties:

a. Recommend policy, procedures, and program initiatives to protect, strengthen, and expand the motorsports industry in North Carolina;

b. Provide ongoing advice and consultation to State policy leaders as to how to recruit, retain and expand the motorsports industry in North Carolina;

c. Conduct public hearings or input sessions regarding the motorsports industry when deemed necessary or beneficial;

d. Encourage support for the motorsports industry and serve as a resource for the industry to the North Carolina General Assembly and State departments and agencies; and

e. Perform such other duties as assigned by the Governor or the Chair.
Section 7. Conflicts of Interests

The Advisory Council shall comply with the requirements of Executive Order No. 35, Ethics for Certain Boards (issued December 9, 2009), regarding conflicts of interest standards for members of the Advisory Council.

Section 8. Duration

This Executive Order shall be effective immediately. It shall remain in effect until February 10, 2014, pursuant to N.C. Gen. Stat. § 147-16.2, or until rescinded.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this eleventh day of February in the year of our Lord two thousand and ten, and of the Independence of the United States of America the two hundred and thirty-fourth.

[Signature]

Beverly Eaves Perdue
Governor

ATTEST:

[Signature]

Elaine F. Marshall
Secretary of State
EXECUTIVE ORDER NO. 50

ENHANCED PURCHASING OPPORTUNITIES FOR NORTH CAROLINA BUSINESSES

WHEREAS, North Carolina is currently experiencing an unprecedented rate of unemployment; and

WHEREAS, North Carolina citizens continue to manufacture and produce some of the world's best and most economical products; and

WHEREAS, pursuant to N.C. Gen. Stat. § 143-59, the General Assembly has empowered the Secretary of Administration and appropriate state agencies to give preference as far as may be practicable to North Carolina products provided there is no sacrifice or loss in price or quality; and

WHEREAS, with the exception of furniture, the State of North Carolina does not currently employ any strategic efforts to purchase goods or equipment from North Carolina companies; and

WHEREAS, leveraging the buying power of the State of North Carolina could provide an immediate economic benefit to North Carolina citizens and companies during these difficult economic times and should be regarded as a business objective that is advantageous to the State in its procurement efforts.

NOW, THEREFORE, by authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS ORDERED:

1. I hereby instruct the Secretary of Administration to examine the State's procurement laws and policies and identify and implement lawful and appropriate policies to use the buying
power of the State of North Carolina to encourage North Carolina companies to do the following: (a) do business with the State of North Carolina; (b) stimulate economic development; and (c) most importantly, create jobs in North Carolina.

2. I particularly direct the Secretary of Administration, through the authority given to him by the General Assembly pursuant to N.C. Gen. Stat. § 143-59, to develop a price-matching preference for North Carolina resident bidders on contracts for the purchase of goods so that qualified North Carolina companies whose price is within five percent (5%) or $10,000.00 of the lowest bid, whichever is less, may be awarded contracts with the State of North Carolina.

3. The Secretary of Administration shall take all appropriate steps to implement the terms of this Executive Order, consistent with the terms of N.C. Gen. Stat. § 143-59, and apply them to invitations for bids from the State of North Carolina by no later than March 1, 2010.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this seventeenth day of February in the year of our Lord two thousand and ten, and of the Independence of the United States of America the two hundred and thirty-fourth.

[Signature]
Beverly Perdue
Governor

ATTEST:

[Signature]
Elaine F. Marshall
Secretary of State
NORTH CAROLINA BOARD OF EXAMINERS FOR SPEECH AND LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

Notice of Change of Location of Public Hearing

Please note that the location of the public hearing concerning 21 NCAC 64.0219, proposed by the North Carolina Board of Examiners for Speech and Language Pathologists and Audiologists, as previously published in Volume 24, Issue 17 of the Register, has been changed to:

Sheraton Imperial Hotel
4700 Emperor Blvd.
Durham, NC 27703

The public hearing will still take place on April 23, 2010 at 1:30 p.m.
Note from the Codifier: The notices published in this Section of the NC Register include the text of proposed rules. The agency must accept comments on the proposed rule(s) for at least 60 days from the publication date, or until the public hearing, or a later date if specified in the notice by the agency. If the agency adopts a rule that differs substantially from a prior published notice, the agency must publish the text of the proposed different rule and accept comment on the proposed different rule for 60 days.


TITLE 11 – DEPARTMENT OF INSURANCE

Notice is hereby given in accordance with G.S. 150B-21.2 that the North Carolina Department of Insurance intends to adopt the rules cited as 11 NCAC 12 .0332 and .0714.

Proposed Effective Date: July 1, 2010

Public Hearing:
Date: April 16, 2010
Time: 10:00 a.m.
Location: Dobbs Building, 3rd Floor Hearing Room, 430 N. Salisbury Street, Raleigh, NC

Reason for Proposed Action:
11 NCAC 12 .0332 – To set the specifics of the certification submitted by insurers who contract with TPAs. These rules are based upon an amendment to G.S. 58-56-26 which was adopted in HB 1183 which became Session Law 2009-382.
11 NCAC 12 .0714 – To clarify that upon death premiums paid for coverages combined with the life coverage would be unearned from the date of death and must be refunded.

Procedure by which a person can object to the agency on a proposed rule: The Department of Insurance will accept written objections to these rules until the expiration of the comment period on May 14, 2010.

Comments may be submitted to: Karen E. Waddell, 1201 Mail Service Center, Raleigh, NC 27699-1201; phone (919) 733-4529; fax (919) 733-6495; email karen.waddell@ncdoi.gov

Comment period ends: May 14, 2010

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-431-3000.

CHAPTER 12 - LIFE AND HEALTH DIVISION

SECTION .0300 - GENERAL PROVISIONS

11 NCAC 12 .0332 REVIEW/AUDIT OF THIRD PARTY ADMINISTRATORS

(a) Definitions. As used in this Rule:

(1) "Certification" means the certification required by G.S. 58-56-26(c).
(2) "Insurer" has the same meaning as in G.S. 58-56-2(4).
(3) "Third party administrator" or "TPA" has the same meaning as in G.S. 58-56-2(5).

(b) For the certification submitted on July 1, 2010, the insurer shall submit a certification signed by an officer of the insurer, which certification identifies the name and federal tax identification number of the TPA that is the subject of the certification. The certification shall contain the following language:

"I, (name and title of the officer of the insurer), am familiar with the requirements of G.S. 58-56-26(c), and hereby certify that (insurance company full licensed name and federal tax identification number) performed a review, an on-site audit, or both in accordance with G.S. 58-56-26(c) for every third party administrator identified in or attached to this certification for calendar year 2009."

The certification shall contain the names of TPAs to which G.S. 58-56-26(c) does not apply and the reasons for the exception of each TPA.

(c) For certifications submitted on July 1, 2011 and each subsequent year, each insurer shall certify that the insurer's review and on-site audit include:

(1) An assessment of the TPA's business practices and procedures and evaluations of all of the following:

(A) The TPA's compliance with provisions of the written agreement with the insurer.
(B) The TPA's compliance and adherence to the TPA's internal policies and procedures for contract management, claims administration, and general administration.
In addition to a statement certifying compliance with the requirements of Paragraphs (c) and (d) of this Rule, a certification submitted on or after July 1, 2011 and each subsequent year shall be dated and include:

1. The insurer’s name as it appears on the insurer’s license or certificate of authority and the insurer’s federal tax identification number.
2. The name and federal tax identification number of every TPA with which the insurer has a written administrative agreement under G.S. 58-56-6.
3. Any exceptions to the certification identifying each excepted TPA by name and federal tax identification number and an explanation for the exception of the TPA.
4. The year for which the certification is made.
5. The name, title and signature of an officer of the insurer making the certification.

A sample format for the certification is available free of charge from the Life and Health Division at the Department of Insurance Web site at www.ncdoi.com.

An insurer that did not have any written administrative agreements with TPAs during the reporting year for which the certification is required shall submit a report instead of a certification. This report shall include the information required under Paragraph (e) of this Rule; except the information required by Subparagraphs (e)(2) and (e)(3) of this Rule need not be included.

A review or on-site audit may be conducted on the premises of the insurer or the insurer’s designated representative. The insurer’s designated representative shall not be an employee of or independent contractor with the TPA and shall be an independent, disinterested person or entity of the reliability of the information provided to the insurer by the TPA.

If credit life insurance coverage is sold together with any other credit insurance coverage, such as accident and health, and death occurs, then as of the date of death the credit life insurance premium is deemed to be fully earned, but the other credit insurance coverage(s) shall provide for a refund of unearned premium. Such refund shall be made in accordance with the provisions of G.S. 58-57-50.


PROPOSED RULES

11 NCAC 12 .0714 REFUND OF UNEARNED PREMIUM FOR CREDIT INSURANCE

If credit life insurance coverage is sold together with any other credit insurance coverage, such as accident and health, and death occurs, then as of the date of death the credit life insurance premium is deemed to be fully earned, but the other credit insurance coverage(s) shall provide for a refund of unearned premium. Such refund shall be made in accordance with the provisions of G.S. 58-57-50.


TITLE 12 – DEPARTMENT OF JUSTICE

Notice is hereby given in accordance with G.S. 150B-21.2 that the North Carolina Private Protective Services Board intends to amend the rules cited as 12 NCAC 07D .0203, .0706, .0806, .0904 and .0911.

Public Hearing:
Date: March 30, 2010
Time: 2:00 p.m.
Location: 1631 Midtown Place, Suite 104, Raleigh, NC 27609

Reason for Proposed Action: The proposed rules are submitted in response to Session Law 2009-458, House Bill 1411, adopted by the North Carolina General Assembly in 2009, whereby occupational licensing boards were directed to adopt rules to postpone or waive conditions of licensure for certain individuals serving in the armed forces.

Procedure by which a person can object to the agency on a proposed rule: Objections to the proposed rule changes shall be submitted before the end of the comment period in writing to Terry Wright, Director, Private Protective Services Board, 1631 Midtown Place, Suite 104, Raleigh, NC 27609.

Comments may be submitted to: Terry Wright, PPSB Director, 1631 Midtown Place, Suite 104, Raleigh, NC 27609

Comment period ends: May 14, 2010

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the
Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-431-3000.

Fiscal Impact:

☐ State
☐ Local
☒ Substantial Economic Impact (>53,000,000)
☐ None

CHAPTER 07 - PRIVATE PROTECTIVE SERVICES

SUBCHAPTER 07D - PRIVATE PROTECTIVE SERVICES BOARD

SECTION .0200 - LICENSES: TRAINEE PERMITS

12 NCAC 07D .0203 RENEWAL OR RE-ISSUE OF LICENSES AND TRAINEE PERMITS

(a) Each applicant for a license or trainee permit renewal shall submit an original and one copy of a renewal form. This form shall be submitted to the administrator not less than 30 days prior to expiration of the applicant's current license or trainee permit and shall be accompanied by:

1. a head and shoulders color photograph of the applicant of a quality sufficient for identification, one inch by one inch in size and taken within six months of the application;
2. statements of the result of a local criminal history records search by the city-county identification bureau or clerk of superior court in each county where the applicant has resided within the immediate preceding 12 months; and
3. the applicant's renewal fee; and
4. proof of liability insurance as set out in G.S. 74C-10(e).

(b) If a licensee in good standing with the Board has maintained a license at least two years and then allows the license to expire, the license may be re-issued if application is made within three years of the expiration date and the following documentation is submitted to the Board:

1. an Application For Reinstatement of an Expired License;
2. one set of classifiable fingerprints on an applicant fingerprint card;
3. one head and shoulders photograph(s) of the applicant of a quality sufficient for identification, one inch by one inch in size and taken within six months of the application;

(c) Members of the armed forces whose license is in good standing and to whom G.S. 105-249.2 grants an extension of time to file a tax return are granted that same extension of time to pay the license renewal fee and to complete any continuing education requirements prescribed by the Board. A copy of the military order or the extension approval by the Internal Revenue Service or by the North Carolina Department of Revenue must be furnished to the Board.

Authority G.S. 74C-5; 74C-8; 74C-9.

SECTION .0700 - SECURITY GUARD REGISTRATION (UNARMED)

12 NCAC 07D .0706 RENEWAL OR REISSUE OF UNARMED SECURITY GUARD REGISTRATION

(a) Each applicant for renewal of a registration identification card or his employer, shall complete a form provided by the Board. This form should be submitted not less than 30 days prior to the expiration of the applicant's current registration and shall be accompanied by:

1. two recent head and shoulders color photographs of the applicant of acceptable quality for identification, one inch by one inch in size;
2. statements of any criminal record obtained from the appropriate authority in each area where the applicant has resided within the immediate preceding 12 months; and
3. the applicant's renewal fee; and
4. actual cost charged to the Private Protective Services Board by the State Bureau of Investigation to cover the cost of criminal record checks performed by the State Bureau of Investigation, collected by the Private Protective Services Board.

(b) Each applicant for reissue of a registration identification card shall complete, and his employer shall sign a form provided by the Board. This form shall be submitted to the Board and accompanied by:

1. two recent head and shoulders color photographs of the applicant of acceptable quality for identification, one inch by one inch in size; and
2. the applicant's reissue fee.

(c) The employer of each applicant for a registration renewal or reissue shall give the applicant a copy of the application which
will serve as a record of application for renewal or reissue and shall retain a copy of the application in an individual's personnel file in the employer's office.

(d) Members of the armed forces whose registration is in good standing and to whom G.S. 105-249.2 grants an extension of time to file a tax return are granted that same extension of time to pay the registration renewal fee and to complete any continuing education requirements prescribed by the Board. A copy of the military order or the extension approval by the Internal Revenue Service or by the North Carolina Department of Revenue must be furnished to the Board.

Authority G.S. 74C-5; 74C-11.

SECTION .0800 - ARMED SECURITY GUARD FIREARM REGISTRATION PERMIT

12 NCAC 07D .0806 RENEWAL OF ARMED SECURITY GUARD FIREARM REGISTRATION PERMIT

(a) Each applicant for renewal of an armed security guard firearm registration permit identification card or his employer shall complete a form provided by the Board. This form shall be submitted not more than 90 days nor less than 30 days prior to expiration of the applicant's current armed registration and shall be accompanied by:

(1) two recent head and shoulders color photographs of the applicant of acceptable quality for identification, one inch by one inch in size;
(2) statements of any criminal record obtained from the appropriate area where the applicant has resided within the immediate preceding 12 months;
(3) the applicant's renewal fee; and
(4) actual cost charged to the Private Protective Services Board by the State Bureau of Investigation to cover the cost of criminal record checks performed by the State Bureau of Investigation, collected by the Private Protective Services Board.

(b) The employer of each applicant for a registration renewal shall give the applicant a copy of the application which will serve as a record of application for renewal and shall retain a copy of the application in the individual's personnel file in the employer's office.

(c) Applications for renewal shall be accompanied by a statement signed by a certified trainer that the applicant has successfully completed the training requirements of 12 NCAC 7D .0807.

(d) Members of the armed forces whose registration is in good standing and to whom G.S. 105-249.2 grants an extension of time to file a tax return are granted that same extension of time to pay the registration renewal fee and to complete any continuing education requirements prescribed by the Board. A copy of the military order or the extension approval by the Internal Revenue Service or by the North Carolina Department of Revenue must be furnished to the Board.

Authority G.S. 74C-5; 74C-11; 74C-13.

SECTION .0900 - TRAINER CERTIFICATE

12 NCAC 07D .0904 RENEWAL OF A FIREARMS TRAINER CERTIFICATE

Each applicant for renewal of a firearms trainer certificate shall complete a renewal form provided by the Board. This form shall be submitted not less than 30 days prior to the expiration of the applicant's current certificate and shall be accompanied by:

(1) certification of the successful completion of a firearms trainer refresher course approved by the Board and the Attorney General consisting of a minimum of eight hours of classroom and practical range training in handgun and shotgun safety and maintenance, range operations, control and safety procedures, and methods of handgun and shotgun firing. This training shall be completed within 180 days of the submission of the renewal application;
(2) a certified statement of the result of a criminal records search from the governmental authority housing criminal record information or clerk of superior court in each area where the applicant has resided within the immediate preceding 48 months;
(3) the applicant's renewal fee; and
(4) the actual cost charged to the Private Protective Services Board by the State Bureau of Investigation to cover the cost of criminal record checks performed by the State Bureau of Investigation, collected by the Private Protective Services Board.
(5) Members of the armed forces whose certification is in good standing and to whom G.S. 105-249.2 grants an extension of time to file a tax return are granted that same extension of time to pay the certification renewal fee and to complete any continuing education requirements prescribed by the Board. A copy of the military order or the extension approval by the Internal Revenue Service or by the North Carolina Department of Revenue must be furnished to the Board.

Authority G.S. 74C-5; 74C-13.

12 NCAC 07D .0911 RENEWAL OF AN UNARMED GUARD TRAINER CERTIFICATE

Each applicant for renewal of an unarmed guard trainer certificate shall complete a board renewal form. This form shall be submitted not less than 30 days prior to the expiration of the applicant's current certificate. In addition, the applicant shall include the following:

(1) the renewal fee set forth in 12 NCAC 07D .0903(a)(3);
(2) certification of a minimum of 16 hours of Board approved armed or unarmed instruction
performed during the current unarmed guard
trainer certification period; and

(3) statement verifying the classes taught during
the current unarmed guard trainer certification
period on a form prescribed by the Board.

(4) Members of the armed forces whose
certification is in good standing and to whom
G.S. 105-249.2 grants an extension of time to
file a tax return are granted that same
extension of time to pay the certification
renewal fee and to complete any continuing
education requirements prescribed by the
Board. A copy of the military order or the
extension approval by the Internal Revenue
Service or by the North Carolina Department
of Revenue must be furnished to the Board.

Authority G.S. 74C-8; 74C-9; 74C-11; 74C-13.

TITLE 19A – DEPARTMENT OF TRANSPORTATION

Notice is hereby given in accordance with G.S. 150B-21.2 that
the North Carolina Department of Transportation intends to
amend the rules cited as 19A NCAC 03D .0517-.0519.

Proposed Effective Date: July 1, 2010

Public Hearing:
Date: April 1, 2010
Time: 10:00 a.m.
Location: Environmental Resource Center (PDEA), Room 117,
4701-116 Atlantic Avenue, Raleigh, NC 27604

Reason for Proposed Action: The purpose of the proposed
revisions to the Administrative Code is to allow for the
clarifications, technical correction, and procedure changes that
meet the requirements of the Environmental Management
Commission Specifications.

Procedure by which a person can object to the agency on a
proposed rule: Any person objecting to said rule change may
contact David Bradley at North Carolina Department of
Transportation License and Theft Emissions Unit: physical
address 1100 New Bern Avenue, Raleigh, NC 27697; mailing
address 3130 Mail Service Center, Raleigh, NC 27699-3130;
email dbradley@ncdot.gov.

Comments may be submitted to: David Bradley, North
Carolina Department of Transportation, License & Theft
Emissions Unit, 3130 Mail Service Center, Raleigh, NC 27699-
3130; phone (919) 861-3132; fax (919) 715-0169; email
dbradley@ncdot.gov

Comment period ends: May 14, 2010

Procedure for Subjecting a Proposed Rule to Legislative
Review: If an objection is not resolved prior to the adoption of

Fiscal Impact:
☐ State
☐ Local
☒ Substantial Economic Impact (> $3,000,000)
☐ None

CHAPTER 03 – DIVISION OF MOTOR VEHICLES
LICENSE AND THEFT EMISSIONS

SUBCHAPTER 03D - ENFORCEMENT SECTION

SECTION .0500 - GENERAL INFORMATION
REGARDING SAFETY INSPECTION OF MOTOR VEHICLES

19A NCAC 03D .0517 DEFINITIONS

For purposes of this Section, these words and phrases shall have
the following meanings, except in those instances where the
context clearly indicates a different meaning.

(1) Abbreviations: Abbreviations used in these Rules shall have the
following meanings:
(a) CO - Carbon Monoxide,
(b) G.V.W.R. - Gross Vehicle Weight Rating,
(c) HC - Hydrocarbons,
(d) PSI - Pounds Per Square Inch,
(e) NOx - Nitrogen Oxides,
(f) PPM - Parts Per Million,
(g) % - Percent.

(2) Ambient Air: That portion of the atmosphere
surrounding human, animal and plant life.

(3) Authorized Station: An established place of
business duly licensed by the North Carolina
Division of Motor Vehicles to conduct
inspection of safety equipment, exhaust
emissions, and air pollution control devices as
required by the inspection laws.

(4) Base: The place where a vehicle is most
frequently dispatched from, garaged, serviced,
maintained, operated or otherwise controlled.
If any vehicle is located in or operated from a
county participating in the safety emission
program continuously for a period of 30 days,
said vehicle shall be considered based within said county.

(5) Carbon Monoxide: (CO) A colorless, odorless, highly toxic gas that is a normal byproduct of incomplete fuel combustion.

(6) Certified Inspection Mechanic: A person who has completed the required course(s), who has passed a written examination approved by the North Carolina Division of Motor Vehicles, and who has been issued an inspection mechanic license by the Division of Motor Vehicles.

(7) Crankcase Emissions: Air contaminants emitted into the atmosphere from any portion of the engine crankcase ventilation or lubrication system.

(8) Current Year Model: The production period of new motor vehicles as designated by the manufacturer in the calendar year in which the period ends. If the manufacturer does not designate a production period, the model year shall mean the 12-month period beginning January of the year in which production began.

(9) Diagnostic Equipment: Tools or machines used to diagnose engine performance.

(10) Emission: The act of a motor vehicle emitting into the atmosphere any air contaminants which may include carbon monoxide, hydrocarbons, or nitrogen oxides.

(11) Emissions Analyzer: An approved device used to fully evaluate the vehicle emission control system for proper operation and electronically record and transmit emissions and safety inspection data to the state. An approved device is considered a device that meets the certification requirements as defined by the Environmental Management Commission Specifications for the North Carolina Analyzer System.

(12) Established Place of Business for Safety/Emissions Inspection: A permanent structure owned either in fee or leased by a licensee, which has sufficient space to test and inspect one or more motor vehicles for which an inspection sticker is being sought and to accommodate the office or offices of an authorized station to provide a safe place for maintaining the records and stickers of such authorized station, and at which location the business shall be open during normal business hours to conduct safety inspections and exhaust emissions tests and make available to authorized agents of the Division of Motor Vehicles all records and required equipment for examination and testing.

(13) Exhaust Gas Analyzer: A device for sensoring and measuring the amount of air contaminants in the exhaust emitted from a motor vehicle.

(14)(13) Heavy Duty Motor Vehicle: A motor vehicle which is designed primarily for:

(a) The transportation of property and which is rated at more than 8,500 GVWR.

(b) The transportation of persons and which has a capacity of more than 12 persons.

(c) Use as a recreational motor vehicle which is rated at more than 8,500 GVWR.

(d) Use as an off-road utility vehicle.

(15) Hydrocarbons: A family of compounds containing carbon and hydrogen in various combinations found especially in fossil fuels.

(16)(14) Inspection: The safety equipment or exhaust emissions inspection of motor vehicles required by G.S. 20, Part 2, Article 3A.

(17) Inspection Sticker: Sticker which when properly executed indicates that the vehicle to which it is attached has been inspected and found to meet the requirements of the inspection laws.


(19)(16) Inspection/Maintenance (I/M): A strategy to reduce emissions from in-use motor vehicles by identifying vehicles that need emission related maintenance and requiring that such maintenance be performed.

(20)(17) Inspection Period: The month during which the motor vehicle would normally be required to be inspected by G.S. 20-183.4C. The period of time a motor vehicle is required to be inspected. To be a current inspection, a motor vehicle may be inspected up to ninety days prior to the last day of the month in which the registration on the vehicle expires pursuant to G.S. 20-183.4C. For motor vehicles not previously registered in this State, the inspection period shall be a period of twelve months prior to the application for registration pursuant to G.S. 20, Part 3, Article 3 and G.S. 20-183.4C.

(21)(18) License: Notwithstanding G.S. 20-4.01(17), the license issued by the Commissioner of Motor Vehicles which is required for a person to operate a safety equipment exhaust emission inspection station.

(22)(19) Light Duty Motor Vehicle: A motor vehicle which is designed primarily for:

(a) Transportation of property and which is rated at or less than 8,500 GVWR by the manufacturer; or
PROPOSED RULES

(b) Use in the transportation of persons and which has a capacity of 12 persons or fewer.

23(20) Light Transmittance Measuring Device or Light Meter or Unit or Device: A photometer capable of measuring the net transmittance of a window or windshield for light at 560 nm with a variance of no more than 20 nm.

Motorcycle: A motor vehicle as defined under G.S. 20-4.01(22).

24(22) Multipiece Photometer: A photometer in which the light source and light detector are mechanically separate units that can be positioned on opposite sides of a fixed window or windshield.

25(23) Net Transmittance: The luminous transmittance over the 560 nm with a variance of 20 nm wavelength range, including the effects of Fresnel (surface) reflections.

Nitrogen Oxides: A gas formed in great part from atmospheric nitrogen and oxygen when combustion occurs under high temperature and high pressure, as in an internal combustion engine.

27(24) Recreational Motor Vehicle: A vehicle which is designed primarily to provide temporary or permanent living quarters for travel, camping, or other recreational use.

Registered Owner of a Vehicle: The individual, group of individuals, partnership, firm, company, corporation, association, trust, estate, political subdivision, administrative agency, public or quasi-public corporation, or any other legal entity in whose name the license has been issued and whose name appears on the registration for such vehicle.

Revocation: Notwithstanding G.S. 20-4.01(36), the termination of a license issued by the Division of Motor Vehicles to a safety equipment exhaust emission inspection station.

Safety Inspection Analyzer: An approved device used to evaluate and electronically record and transmit safety inspection data to the state. An approved device is considered a device that meets the certification requirements as defined by the Environmental Management Commission Specifications for the North Carolina Analyzer System.

Section: The Enforcement Section License and Theft Bureau of the Division of Motor Vehicles.

Self-Inspector: A person, firm or corporation so designated by the Commissioner for the purpose of inspecting only those vehicles owned or operated by such person, firm or corporation.

Standard: A standard of performance adopted in these Rules.

Station: A place of business duly licensed by the Commissioner of Motor Vehicles to conduct inspections of motor vehicles as required by the inspection laws.

Suspension of Safety/Emission License: The temporary withdrawal of a license issued by the Division of Motor Vehicles to a safety equipment exhaust emission inspection station for a definite period of time.

Tampering: Rendering inoperative, or the intentional maladjustment of any device installed on a motor vehicle designed or intended to control the amount of emissions from a vehicle.

Waiver: A document issued by the Commissioner of Motor Vehicles or his designated agent exempting a particular motor vehicle from the requirements of the emission inspection.

Authority G.S. 20-2; 20-39; 20-127; 20-183.2; 20-183.6(a); 20-183.7(a).

19A NCAC 03D .0518 LICENSING OF SAFETY OR EMISSIONS INSPECTION STATIONS

(a) An application for licensing as a Safety Equipment or Safety Equipment Exhaust Emissions Inspection Station shall be made on forms furnished by the Division of Motor Vehicles and filed with the Enforcement Section, Motor Vehicles Building, 1100 New Bern Avenue, Raleigh, North Carolina, 27697, telephone 919-733-0133. License and Theft Bureau.

(b) An applicant for a Safety Equipment Inspection Station inspecting only motorcycles shall have:

(1) A specified area used primarily for repair of motorcycles.

(2) At least 45 linear feet of approximately level floor surface at least 10 feet wide when using a light chart for testing lights, or at least 25 linear feet of approximately level floor surface at least 10 feet wide when using a light testing machine. Dirt floors are not acceptable.

(3) Sufficient area enclosed to permit a thorough inspection at all times regardless of weather conditions. Trailers may be inspected outside of the enclosed area as long as attached to prime mover.

(4) If a light chart is used to check lights, parallel lines at least 3 feet long painted on floor surface 25 feet from the chart.

(c) An applicant for a Safety Equipment Inspection Station inspecting only motorcycles shall have:

(1) A specified area used primarily for repair of motorcycles.

(2) Sufficient area enclosed to permit a thorough inspection at all times regardless of weather conditions. Dirt floors are not acceptable.

(3) If a light chart is used to check lights, parallel lines at least 3 feet long painted on floor surface 25 feet from the chart.
19A NCAC 03D .0519 STATIONS
(a) Licensed stations shall keep the area where vehicles are inspected and the area where inspection records are kept as required by G.S. 20-183.6A(b) free of spills, debris, hazardous materials or obstructions that inhibit proper inspection of vehicles or present a safety hazard for auditors or inspectors of the Division. All vehicles shall remain in the inspection area during the entire inspection.
(b) Stations with only a 25 foot lineal inspection lane shall not inspect trucks or other vehicles exceeding that length.
(c) Stations with mechanical aimers shall not inspect vehicles with headlamps that were not manufactured to be aimed with this device. These headlamps were manufactured to be aimed with photoelectric eyes, wall charts, computerized headlight test equipment, or on-board headlight aiming devices.
(d) Stations not equipped with an exhaust emission analyzer shall not inspect vehicles which are 1975 or newer gasoline powered motor vehicles registered in or based in counties designated as non-attainment for air quality standards by either the North Carolina Department of Environment, Health, & Natural Resources (N.C. DEHNR) or U.S. Environmental Protection Agency (U.S. EPA) Agency. However, they are permitted to perform the original safety equipment inspections on new vehicles, vehicles 1974 or older, diesel powered vehicles, motorcycles and trailers.
(e) Each station shall have equipment and tools for the carrying out of inspections, which include but are not limited to the following:
(1) 1 jack or lift with minimum capacity of two tons,
(2) 1 headlight tester, tester, wall chart, or aiming kit adapters to fit all headlights,
(3) 1 workbench,
(4) 1 creeper,
(5) 1 hand paper punch (round, 1/4” cut),
(6) 1 tire tread depth gauge (calibrated in 32nds of an inch),
(7) 1 Exhaust Emission Control System Application Manual (current edition), edition issued by N.C. DEHNR,
(8) 1 Exhaust Emission Analyzer, Analyzer with approved software or 1 Safety Inspection Analyzer with approved software,
(9) 1 Active telephone line with jack.
(f) Each station inspecting only motorcycles shall have equipment and tools for the carrying out of inspections, which include but are not limited to the following:
(1) 1 jack or lift with minimum capacity of two tons,
(2) 1 headlight tester or aiming kit adapters to fit all headlights,
(3) 1 workbench,
(4) 1 tire tread depth gauge (calibrated in 32nds of an inch),
(5) 1 Safety Inspection Analyzer with approved software,
(6) Active telephone line with jack.
Procedure by which a person can object to the agency on a proposed rule: Written letter to 1201 Front Street, Suite 110, Raleigh, NC 27609

Comments may be submitted to: Stefanie Kuzdrall, 1201 Front Street, Suite 110, Raleigh, NC 27609

Comment period ends: May 14, 2010

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-431-3000.

Fiscal Impact:

☐ State
☐ Local
☒ Substantial Economic Impact ($53,000,000)
☐ None

SUBCHAPTER 14A – DEPARTMENTAL RULES

SECTION .0100 – ORGANIZATION RULES

21 NCAC 14A .0101 DEFINITIONS

The following definitions apply in this Chapter:

(1) "Beauty Establishment" refers to both cosmetic art schools and cosmetic art shops.

(2) "Cosmetology School" is any cosmetic art school that teaches cosmetic art as defined by, G.S. 88B-2(5), but is not solely a manicurist or an esthetics school.

(3) "Cosmetology Student" is a student in any cosmetic art school whose study is the full curriculum.

(4) "Manicurist School" is a cosmetic art school that teaches only the cosmetic arts of manicuring.

(5) "Manicurist Student" is a student in any cosmetic art school whose study is limited to the manicurist curriculum set forth in 21 NCAC 14K.0102.

(6) "Successful Completion" is the completion of an approved cosmetic art curriculum with a minimum grade of "C" or 70%, whichever is deemed as passing by the cosmetic art school.

(7) "Esthetician School" is any cosmetic art school that teaches only the cosmetic arts of skin care.

(8) "Esthetician Student" is a student in any cosmetic art school whose study is limited to the esthetician curriculum set forth in 21 NCAC 14O.0102.

(9) "Natural hair braiding" is a service that results in tension on hair strands or roots by twisting, wrapping, weaving, extending, locking, or braiding by hand or mechanical device, is not subject to regulation pursuant to G.S. 88B, provided that the service does not include hair cutting or the application of dyes, reactive chemicals, or other preparations to alter the color of the hair or to straighten, curl, or alter the structure of the hair.

(10) "Natural hair styling" is the provision of natural hair braiding services together with any of the other services or procedures included within the regulated practice of cosmetic art, and is subject to regulation pursuant to G.S. 88B, and those persons practicing natural hair styling shall obtain and maintain a cosmetologist license as applicable to the services offered or performed. Establishments offering natural hair styling services shall be licensed as cosmetic art shops.

(11) "Licensing cycle" for cosmetologists is the three-year period beginning on the first day of October 2004 and ending on the 30th day of September, 2007, and continuing thereafter in three year intervals. For estheticians, natural hair care specialists and manicurists the licensing cycle is one year in length beginning on the first day of October and ending on the 30th day of September. For teachers, the licensing cycle is the two-year period beginning on the first day of October of an even-numbered year and ending on the 30th day of September of an even-numbered year.

Authority G.S. 88B-2; 88B-4.

21 NCAC 14A .0103 OFFICE HOURS

The office hours for the board are 8:00 a.m. to 5:00 p.m., Monday through Friday. The office is closed on state holidays.

Authority G.S. 88B-4.

SUBCHAPTER 14B - RULE-MAKING PROCEDURES

SECTION .0600 - FEES

21 NCAC 14B .0605 COSMETOLOGIST LICENSE FEE AND STAGGERED LICENSE RENEWAL SCHEDULE

All cosmetology licenses expiring on September 30, 2010 shall pay the renewal fee of thirty-nine dollars ($39.00), processing
fee of ten dollars ($10.00) and complete 24 hours of continuing education as required by G.S. 88B-21 to be eligible for license renewal. Upon renewal of the license expiring September 30, 2010 the Board shall issue a new license with staggered expiration dates. Licensees shall be divided into renewal groups by birth month and shall pay prorated fees for renewal as follows:

<table>
<thead>
<tr>
<th>Birth date Month</th>
<th>Initial Expiration Date</th>
<th>Combined Fees/CE Hours Due</th>
<th>Staggered Renewal Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January – April (including any licensee whose birth date the Board does not maintain)</td>
<td>October 1, 2011</td>
<td>$23/0 hours</td>
<td>October 1, 2014</td>
</tr>
<tr>
<td>May - August</td>
<td>October 1, 2012</td>
<td>$36/12 hours</td>
<td>October 1, 2015</td>
</tr>
<tr>
<td>September - December</td>
<td>October 1, 2013</td>
<td>$49/24 hours</td>
<td>October 1, 2016</td>
</tr>
</tbody>
</table>

The license fee and the renewal fee of a registered cosmetologist after September 30, 2012 shall be thirty-nine dollars ($39.00) for three years payable in advance if the license is renewed before it becomes delinquent.

Authority G.S. 88B-20; 88B-21.

SUBCHAPTER 14F – RULES AND REGULATIONS GOVERNING THE LICENSING OF BEAUTY SHOPS

SECTION .0100 – RULES AND REGULATIONS GOVERNING THE LICENSING OF BEAUTY SHOPS

21 NCAC 14F .0107 DIMENSIONS OF BEAUTY SALON

A cosmetic art shop shall maintain at least five feet of space between each styling chair from the center to the center of each chair, and shall have at least two feet of space from each chair to the wall of the salon, front and back. This dimension requirement does not apply to a non-styling shampoo area. Shampoo bowls must be at least 40 inches apart center of bowl to center of bowl.

Authority G.S. 88-23.

SUBCHAPTER 14G - REQUIREMENTS FOR THE ESTABLISHMENT OF COSMETIC ART SCHOOLS

SECTION .0100 - PERMANENT FILES

21 NCAC 14G .0112 CONDITION OF EQUIPMENT

All equipment in the school must be new or in good, workable, clean, safe condition. All equipment must be kept clean and in first class condition.

Authority G.S. 88-23.

SUBCHAPTER 14H - SANITATION

SECTION .0100 – SANITATION

21 NCAC 14H .0110 BATHROOM FACILITIES

(a) Toilet and hand washing facilities consisting of at least one commode and one lavatory with hot and cold running water, liquid soap and individual towels shall be provided.

(b) A residential beauty salon shall furnish bathroom facilities separate and apart from the residence.

Authority G.S. 88-23.

21 NCAC 14H .0117 ANIMALS

Animals and birds shall not be kept in a beauty establishment. Trained animals accompanying sightless or hearing impaired disabled persons are exempt.

Authority G.S. 88B-4; 88B-17; 88B-23.

SUBCHAPTER 14I - OPERATIONS OF SCHOOLS OF COSMETIC ART

SECTION .0100 - RECORD KEEPING

21 NCAC 14I .0101 PERMANENT FILES

(a) A section of a cosmetic art school shall contain at least a suitable desk, chair and a permanent file suitable for permanent records of matriculations of all students enrolled.

(b) Permanent files shall be kept under lock and key, in the beauty establishment, subject to inspection by the Board or its authorized agents.

(c) Included in this file shall be permanent records of the matriculations of all students enrolled including the following:

(1) names and addresses of students,
(2) places and dates of birth,
(3) Social Security number,
(4) date students entered school,
(5) number of hours earned,
(6) complete breakdown of practical work performed by the student,
(7) grades on all examinations taken by the student, and
(8) date of graduation.

(d) The original copy of all enrollment forms is to be filed with the Board, and the duplicate is to be held by the school.

Authority G.S. 88-23.
21 NCAC 14J .0103 INSPECTION REPORTS AND REPORTS OF STUDENTS HOURS
(a) In addition to such other reports as may be required by the Board, cosmetic art schools shall report to the Board or its authorized agent, upon inspection of the cosmetic art school and at other times upon specific request, the names of all students currently enrolled and the hours completed by each.
(b) The owner or manager of the cosmetic art school shall read each inspection report made of the school by an authorized agent of the Board to determine that the information on the inspection report is correct and shall sign the report. If any part of the information on the report is incorrect, it shall be corrected by the authorized agent of the Board or an exception to the report signed by the owner or manager shall be attached to the report.
(c) The Board shall be notified by letter. Written correspondence prior to demonstrators, lecturers or observers being in the school.

Authority G.S. 88-23; 88-30.

SUBCHAPTER 14J - COSMETOLOGY CURRICULUM
SECTION .0200 - ADVANCED DEPARTMENT
21 NCAC 14J .0203 STORING AND LABELING OF COSMETICS
All bottles and jars in the advanced department containing supplies and cosmetics shall be kept securely covered and carefully labeled, stating contents and instructions for use.

Authority G.S. 88-23.

SUBCHAPTER 14K - MANICURIST CURRICULUM
SECTION .0100 - MANICURIST CURRICULUM
21 NCAC 14K .0107 LIVE MODEL PERFORMANCES
(a) In completing the 40 hours of live model performances required by 21 NCAC 14K .0102(b), all manicurist students shall complete the following minimum number of live model performances during the manicurist course under the supervision of a licensed cosmetic art teacher before taking the manicurist examination and submission of the license registration documentation:
   (1) 15 manicures, including trimming, filing, and shaping; decorating; and arm and hand massage;
   (2) 100 applications or repair of sculptured or other artificial nails; and
   (3) 4 pedicures.
(b) No manicurist student may perform any live model performances until he or she has completed 16 hours of classroom work.
(c) Live model performances are the rendering of the required service on a live person other than himself or herself. They do not include performing the service on a mannequin.

Authority G.S. 88-10(2); 88-12(2); 88-16; 88-17; 88-21(a)(16); 88-23; 88-30(4).

SUBCHAPTER 14P – CIVIL PENALTY
SECTION .0100 – CIVIL PENALTY
21 NCAC 14P .0106 LICENSES REQUIRED
(a) The presumptive civil penalty for practicing cosmetic art without a license is:
   (1) 1st offense $100.00
   (2) 2nd offense $250.00
   (3) 3rd offense $500.00
(b) The presumptive civil penalty for performing services which the practitioner is not licensed to perform is:
   (1) 1st offense $100.00
   (2) 2nd offense $250.00
   (3) 3rd offense $500.00

Authority G.S. 88B-4; 88B-10.
The following regulations are applicable only to establishments with a sanitation grade of less than 70%.

<table>
<thead>
<tr>
<th>Regulations</th>
<th>1st Offense</th>
<th>2nd Offense</th>
<th>3rd Offense</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The presumptive civil penalty for failure to display an inspection grade card is:</td>
<td>$50.00</td>
<td>$100.00</td>
<td>$200.00</td>
</tr>
<tr>
<td>(2) The presumptive civil penalty for non-working toilet facilities is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(3) The presumptive civil penalty for failure to maintain equipment, furnishings and floor coverings is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(4) The presumptive civil penalty for failure to provide hot and cold running water is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(5) The presumptive civil penalty for keeping any animal or bird in a cosmetic art shop or school is: (Trained animals accompanying sightless or hearing impaired persons are exempt)</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(6) The presumptive civil penalty for failure to have students wear clean washable uniform is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(7) The presumptive civil penalty for failure of operators in cosmetic art shops to wear clean outer garments with sleeves is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(8) The presumptive civil penalty for failure to store used or clean protective drapes, linens or towels, or failure to launder used protective drapes, linens or towels is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>(9) The presumptive civil penalty for failure to dispose of supplies or instruments which come in direct contact with a patron and which cannot be disinfected is:</td>
<td>warning</td>
<td>$50.00</td>
<td>$100.00</td>
</tr>
</tbody>
</table>

Authority G.S. 88B-4; 88B-29.

SUBCHAPTER 14R – CONTINUING EDUCATION

SECTION .0100 – CONTINUING EDUCATION REQUIREMENTS

(a) The continuing education requirement for all licensees is eight hours per year. Cosmetologists may complete the 24 hours of continuing education any time within the cosmetologist's three-year licensing cycle. No licensee shall receive credit for course duplication completed during the licensing cycle.
(b) Courses completed prior to an individual being licensed by the Board shall not qualify for continuing education credit. A
licensee shall not receive continuing education credit for any course given in North Carolina that does not have the prior approval of the Board. Apprentices shall not earn continuing education credit for any class.

(c) Estheticians and manicurists—All licensees must complete courses in their subject area. Only licensed teachers may complete courses in teacher training techniques.

d) All providers shall allow any representative or employee of the Board entrance into any Board approved continuing education requirement course at no cost to the Board.

e) The Board shall keep a current roster of approved continuing education courses. Copies of the roster shall be posted to the Board's website and updated monthly. Additional copies of the roster shall be available to licensees and the public upon request to the Board. Requesting individuals shall provide stamped, self-addressed envelopes.

(f) Out-of-state continuing education hours shall be submitted for approval to the Board within 30 days of completing the course in order to be acceptable in meeting the annual requirements.

(g) Licensees shall be exempt from 8 hours of continuing education requirements until the licensing period commencing after their initial licensure.

(h) CE Course instructors shall receive credit for any approved CE class taught once during the renewal period.

(i) Licensees may take internet and correspondence courses not to exceed 12 hours per renewal period for cosmetologists, four hours per renewal period for manicurists and estheticians and eight hours per renewal period for teachers.

Authority G.S. 88B-4; 88B-21(e).

21 NCAC 14R .0103 CRITERIA FOR CONTINUING EDUCATION COURSES

(a) Programs shall not be approved by the Board in segments of less than two hours.

(b) Providers must use an attendance sign-in sheet provided by the Board, listing the licensee's name and teacher's license number, to verify attendance. Forms may be copied. Course monitors will be required at the rate of one monitor per 20 students with a maximum of 10 monitors at any course. Instructors may serve as the course monitor for courses with fewer than 20 students.

(c) No provider shall certify the attendance of a person who was not physically present during at least ninety per cent of the course time.

(d) A provider shall maintain for four years a record of attendance of each person attending a course including the following information:

1. Board approved continuing education number;
2. Name and license number of attendee;
3. Course title and description;
4. Hours of attendance;
5. Date of course;
6. Name and signature of instructor/monitor in employ of provider.

The provider shall certify the items above and furnish a copy to the attendee upon completion of the course.

(e) Course attendance may be restricted to licensees due to valid course prerequisites for admission or by the maximum number of participants allowable as determined by the provider and fully disclosed during the application criteria and procedures for continuing education approval.

(f) Minimum attendance of a course for credit purposes is four attendees.

(g) Each provider shall notify the Board; at least one day in advance, of any additional course dates, or any changes including locations, times, floor plan and changes of course instructors within 10 days.

(h) Each provider shall submit to the Board, within ten days after completion of each course, an attendance list of licensees who completed the course. The list shall include for each licensee:

1. Course title;
2. Date conducted;
3. Address location where the course was conducted;
4. Licensee name;
5. Licensee's license number;
6. Course continuing education number;
7. Continuing education hours earned.

(i) The Board may suspend, revoke, or deny the approval of an instructor or provider, who fails to comply with any provision of the rules in this Subchapter. Written justification of the suspension, denial, or revocation shall be given.

(j) Random audits of CE course providers will be conducted and complete records must be provided to the Board upon request.

Authority G.S. 88B-4; 88B-21(e).
SUBCHAPTER 14S - NATURAL HAIR CARE CURRICULUM

SECTION .0100 – NATURAL HAIR CARE

21 NCAC 14S .0101 UNIFORM
All students enrolled in only a natural hair care curriculum must wear a clean washable uniform and nametag, pin or something similar identifying academic status and "natural hair care."

Authority G.S. 88-23; 88-26(1).

21 NCAC 14S .0102 TIME REQUIREMENTS ACCORDING TO HOURS
(a) The maximum time a student may earn in a natural hair care school in any one day is eight clock hours. The maximum time a student may earn in a natural hair care school in any one week is 40 clock hours.
(b) Hours earned on one day shall not be credited to another day.
(c) Each student must complete 300 hours in a natural hair care school before applying to the Board for the natural hair care specialist's examination.

Authority G.S. 88B-4.

21 NCAC 14S .0103 APPROVED FIELD TRIPS
Cosmetology Educational Field Trips include the following activities:
1. Beauty Shops;
2. Cosmetic Art Conventions;
3. Competition Training;
4. Other Schools;
5. State Board Office and Archives Museum;
6. Supply Houses;
7. College or Career Day at School;
8. Fashion Shows;
9. Rest Homes/Nursing Homes;
10. Hospitals; and
11. Funeral Homes.
An instructor must be present during these educational field trips, for credit to be given to student, with a ratio of one instructor per 20 students present. The maximum number of hours a student may earn for field trips is 40 credit hours for cosmetology students, 20 credit hours for esthetician students and 10 credit hours for natural hair care or manicurist students.

Authority G.S. 88B-4.

21 NCAC 14S .0104 EQUIPMENT FOR BEGINNER DEPARTMENT
The beginner department shall be equipped with the following minimum equipment for every 20 students in the department:
1. two shampoo bowls and chairs;
2. styling equipment for the purpose of natural hair care;
3. visual aids;
4. one mannequin practice table to accommodate at least ten students;

Authority G.S. 88B-4.

21 NCAC 14S .0105 STORING AND LABELING OF COSMETICS
All bottles and jars in the advanced department containing supplies shall be kept securely covered and carefully labeled, stating contents and instructions for use.

Authority G.S. 88-23.

21 NCAC 14S .0106 EQUIPMENT
(a) Each natural hair care school must be equipped with the following equipment:
1. for departments with 20 to 29 stations, five dryers and chairs;
2. for departments with 30 or more stations, eight dryers and chairs;
3. five shampoo bowls and chairs;
4. 10 dressing tables and styling chairs;
5. styling equipment for natural hair care.
(b) Each natural hair care school shall provide training in the decontamination methods used to prevent the growth of germs and bacteria. Each natural hair care school shall provide the following equipment or supplies for use in the training and teaching of all students:
1. containers of sufficient size for the purpose of disinfecting implements by the immersion of implements in an EPA recommended, hospital grade disinfectant solution;
2. covered containers for storage of disinfected implements until they are needed to prevent contamination.

Authority G.S. 88B-4.

21 NCAC 14S .0107 PERFORMANCES
All natural hair care students shall complete the following minimum number of live model performances during the natural hair care course under the supervision of a licensed cosmetologist or natural hair care teacher before taking the natural hair care examination

<table>
<thead>
<tr>
<th>Requirement Description</th>
<th>Hours</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginners: Sanitation, bacteriology, disinfection, shampooing, draping, anatomy, disorders of the hair and scalp</td>
<td>8</td>
<td>-</td>
</tr>
</tbody>
</table>
Styles and techniques of natural hair styling including twisting, wrapping, extending, locking

<table>
<thead>
<tr>
<th>Performance Requirements</th>
<th>220</th>
</tr>
</thead>
<tbody>
<tr>
<td>Braids</td>
<td>-</td>
</tr>
<tr>
<td>Twists</td>
<td>10</td>
</tr>
<tr>
<td>Knots</td>
<td>10</td>
</tr>
<tr>
<td>Corn rows</td>
<td>10</td>
</tr>
<tr>
<td>Hairlocking</td>
<td>10</td>
</tr>
<tr>
<td>Artificial hair and decorations</td>
<td>10</td>
</tr>
<tr>
<td>Braid Removal</td>
<td>10</td>
</tr>
</tbody>
</table>

A minimum of 80 hours of technical and practical instruction in application areas are required prior to conducting performances on the public.

Authority G.S. 88B-4.

21 NCAC 14S .0108 STUDENTS' PERSONAL SUPPLIES

Each student shall have the following minimum supplies:

1. six combs;
2. six brushes;
3. sufficient clips;
4. mannequin;
5. cape;
6. one copy of "An Act to Regulate the Practice of Cosmetic Art in the State of North Carolina" and a copy of the course curriculum requirements, both of which shall be at no charge to the student for the first copy.

Authority G.S. 88B-4.

21 NCAC 14S .0109 TESTS

Written tests and examinations shall be given in all subjects.

Authority G.S. 88-4.

21 NCAC 14S .0110 APPROVAL OF CREDIT FOR NATURAL HAIR CARE INSTRUCTION/ANOTHER STATE

(a) An applicant shall receive credit for instruction taken in another state if the conditions set forth in this Rule are met.
(b) The applicant's record shall be certified by the state agency or department that issues licenses to practice natural hair care. If this agency or department does not maintain any student records or if the state does not give license to practice natural hair care, then the records may be certified by any state department or state agency that does maintain such records and is willing to certify their accuracy. If no state department or board will certify the accuracy of the student's records, then the Board shall review the student's records on a case-by-case basis.
(c) If the requirements of Paragraph (b) of this Rule are met, then the Board shall give credit for hours of course work and for mannequin and live model performances to the extent certified, up to the amount of credit that the student would receive for instruction in a school licensed by the Board. If the certification includes only total hours and does not specify what performances have been completed, this Board shall not give any credit for performances completed as part of the out-of-state instruction.

Authority G.S. 88B-16.

21 NCAC 14S .0111 SERVICES PERFORMED

No student enrolled in a course for natural hair care only, shall perform any service of cosmetic art except those directly related to the prescribed course in natural hair care unless otherwise licensed to do so.

Authority G.S. 88B-4.

* * * * * * * * * * * * * * * * * * * *

CHAPTER 36 – BOARD OF NURSING

Notice is hereby given in accordance with G.S. 150B-21.2 that the North Carolina Board of Nursing intends to amend the rule cited as 21 NCAC 36 .0404.

Proposed Effective Date: July 1, 2010

Public Hearing:
Date: May 14, 2010
Time: 1:00 p.m.
Location: NC Board of Nursing Office, 4516 Lake Boone Trail, Raleigh, NC 27607

Reason for Proposed Action: The NA II Rules have not updated since 1995. This rule was revised to bring it more in line with the operating policies and procedures of the Board of Nursing regarding procedures that an employing agency or facility must follow.

Procedure by which a person can object to the agency on a proposed rule: Persons may submit objections to this rule by contacting Jean H. Stanley, APA Coordinator, NC Board of
Comments may be submitted to:  Jean H. Stanley, APA Coordinator, NC Board of Nursing, P. O. Box 2129, Raleigh, NC 27602; phone (919) 782-3211 Ext. 252; fax (919) 782-9461; email jeans@ncbon.com

Comment period ends: May 14, 2010

Procedure for Subjecting a Proposed Rule to Legislative Review:  If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the rule in accordance with G.S. 150B-21.3(b1), the rule will become effective as provided in G.S. 150B-21.3(b2) from 10 or more persons clearly requesting process by the Board of Nursing who do not have any findings as cited in G.S. 131E-256(a)(1)(a) – (e) may make application as a nurse aide II.

(c) Registered nurses and licensed practical nurses who hold current, unrestricted licenses to practice in North Carolina, and registered nurses and licensed practical nurses in the discipline process by the Board of Nursing who do not have any findings as cited in G.S. 131E-256(a)(1)(a) – (e) may make application as a nurse aide II.

(d) An individual previously enrolled in a Board approved nursing program leading to licensure as RN or LPN may list with no additional testing provided the student withdrew from school in good standing within the last 24 months and completed the equivalent content and clinical hours. Such individual shall submit listing form as described in Paragraph (b)(2) of this Rule. If the student was in good standing upon withdrawal from the school and withdrew from the school in excess of 24 months, the student must complete an entire nurse aide II program.

(e) Individuals who have completed a training course equivalent in content and clinical hours to the nurse aide II program, may submit documentation of same to the Board of Nursing for review. If training is equivalent, the individual may submit the application with required fee and be listed on the Board of Nursing Nurse Aide Registry as a nurse aide II.

(f) An employing agency or facility may choose up to four nurse aide II tasks to be performed by nurse aide I personnel without the nurse aide I completing the entire nurse aide II program. These tasks are individual activities which may be performed after the nurse aide I has received the approved training and competency evaluation as defined in Rule .0403(b) of this Section.

1608
(g) Each nurse aide II shall renew listing with the Board of Nursing biennially on forms provided by the Board. The renewal application shall be accompanied by the required fee.

(1) To be eligible for renewal, the nurse aide II must have worked at least eight hours for compensation during the past 24 months performing nursing care activities under the supervision of a Registered Nurse.

(2) Any nurse aide II who has had a continuous period of 24 months during which no nursing care activities were performed for monetary compensation but who has performed patient care activities for monetary compensation shall successfully complete the competency evaluation portion of the nurse aide II program and submit application in order to be placed on the Board of Nursing Nurse Aide II Registry.

(3) A nurse aide II who has performed no nursing care or patient care activities for monetary compensation within the past 24 months must successfully complete a nurse aide II program prior to submitting the application for renewal.

(4) A nurse aide II who has substantiated findings of abuse, neglect, or misappropriation of funds on the DHISR Nurse Aide Registry shall not be eligible for renewal as a nurse aide II.


TITLE 23 – DEPARTMENT OF COMMUNITY COLLEGES

Notice is hereby given in accordance with G.S. 150B-21.2 that the North Carolina State Board of Community Colleges intends to amend the rule cited as 23 NCAC 02C.0503.

Proposed Effective Date: August 1, 2010

Instructions on How to Demand a Public Hearing: (must be requested in writing within 15 days of notice): To demand a public hearing please send the written demand to Q. Shanté Martin, Rulemaking Coordinator, NC Community College System, 200 West Jones Street, 5001 Mail Service Center, Raleigh, NC 27699-5001 or by emailing the demand to publiccomments@nccommunitycolleges.edu. Demands must be received within 15 days of the publication of the proposed rule in the North Carolina Register.

Reason for Proposed Action: The reporting requirement to the Joint Legislative Education Oversight Committee has been repealed in Section 8.9 of Senate Bill 202. As such, colleges no longer need to provide an annual report to the State Board.

Procedure by which a person can object to the agency on a proposed rule: Written objections shall be addressed to

President, NC Community College System office, 5001 Mail Service Center, Raleigh, NC 27699-5001 within the comment period and must be postmarked by 11:59 p.m. on the last day of the comment period.

Comments may be submitted to: Q. Shanté Martin, Rulemaking Coordinator, 200 West Jones Street, 5001 Mail Service Center, Raleigh, NC 27699-5001; email publiccomments@nccommunitycolleges.edu

Comment period ends: May 14, 2010

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-431-3000.

Fiscal Impact:

- [ ] State
- [ ] Local
- X Substantial Economic Impact (≥$3,000,000)
- [ ] None

CHAPTER 02 - COMMUNITY COLLEGES

SUBCHAPTER 02C - COLLEGES: ORGANIZATION AND OPERATIONS

SECTION .0500 - EQUIPMENT

23 NCAC 02C .0503 DONATED OR LOANED PROPERTY

(a) A board of trustees may accept property donated to the college for any lawful educational purpose that is consistent with the mission and purpose of the community college system.

(b) Prior to a board of trustees accepting any property that restricts the use of funds derived from the sale or lease of the property, the college shall submit to the Department of Administration a copy of the document transferring the property for review.

(c) Any funds derived from the sale or lease of property donated to a college for a specific educational purpose shall be used to accomplish that purpose.

(d) A board of trustees may permit a private business enterprise that loans or donates instructional equipment to the college to use the college's facilities to demonstrate the donated or loaned...
equipment to customers or potential customers of the private business enterprise provided that:

(1) The board of trustees develop procedures to regulate the use of its facilities for this purpose;
(2) The procedures must comply with G.S. 115D-15; and
(3) The college provides an annual report to the State Board regarding the use of its facilities for these purposes; and,
(3)(4) The lender's or donor's use of the college facilities shall not interfere with the education of students.

Authority G.S. 115D-5; 115D-15; 115D-20.

TITLE 25 – OFFICE OF STATE PERSONNEL

Notice is hereby given in accordance with G.S. 150B-21.2 that the State Personnel Commission intends to amend the rules cited as 25 NCAC 01E .1601-.1602, .1604; and 01H .0632.

Proposed Effective Date: August 1, 2010

Public Hearing:
Date: May 19, 2010
Time: 10:00 a.m.
Location: Office of State Personnel, Administration Building, 3rd Floor, 121 West Jones Street, Raleigh, NC 27603

Reason for Proposed Action:
25 NCAC 01E .1601, .1602, .1604 - The current Community Service Leave Rule allows for paid leave to be used for volunteering for certain activities in a public school or a community service organization. By practice, we have also provided for time off to volunteer in a university or state agency. We believe that we should add this to the rules and propose to also include community colleges. The provision does require that the service is outside of the employee's normal scope of duties and responsibilities and that the employee is not receiving any form of compensation for the services rendered.

25 NCAC 01H .0632 - The current Applicant Information and Application Rule allows, at the discretion of the agency, a resume to be accepted in lieu of an application in the initial stages of the screening process. To ensure uniform opportunity to provide information, we are proposing to remove this provision. As such, applicants applying for a state vacancy would submit State Application Form (Form PD-107 or its equivalent) to the hiring authority.

Procedure by which a person can object to the agency on a proposed rule: A person may object to these proposed rules by one of the following methods: A written letter to Peggy Oliver, HR Policy Administrator, Office of State Personnel, 1331 Mail Service Center, Raleigh, NC 27699-1331; an email to peggy.oliver@osp.nc.gov; or a telephone call to Peggy Oliver at (919) 807-4832.

Comments may be submitted to: Peggy Oliver, HR Policy Administrator, Office of State Personnel, 1331 Mail Service Center, Raleigh, NC 27699-1331; phone (919) 807-4832; fax (919) 715-9750; email peggy.oliver@osp.nc.gov

Comment period ends: May 19, 2010

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-431-3000.

Fiscal Impact:
☐ State
☐ Local
☒ Substantial Economic Impact ($3,000,000+)
☐ None

CHAPTER 01 - OFFICE OF STATE PERSONNEL

SUBCHAPTER 01E - EMPLOYEE BENEFITS

SECTION .1600 - COMMUNITY SERVICES LEAVE

25 NCAC 01E .1601 PURPOSE

Community Service Leave may be granted to:

(1) parents for child involvement in the schools; as defined in 25 NCAC 01E .1602; 
(2) any employee for volunteer activity in the schools or in a Community Service Organization as defined in 25 NCAC 01E .1602; 
(3) any employee for tutoring and mentoring in the schools; or
(4) any employee for volunteering in a State of North Carolina Public University, Community College System or State agency as defined in 25 NCAC 01E .1602 provided that the service is outside of the employee's normal scope of duties and responsibilities and that the employee is not receiving any form of compensation for the services rendered.

Authority G.S. 126-4.
When used in this Section, these terms have the following meaning:

1. **School** - One that is authorized to operate under the laws of the State of North Carolina and is an elementary school, a middle school, a high school, or a child care program.
2. **Public University** - A constituent institution of the University of North Carolina.
3. **Community College** - An educational institution that is a member of the North Carolina Community College System.
4. **State Agency** - A State government agency that is authorized to operate under the laws of the State of North Carolina.
5. **Child** - A son or daughter who is a biological child, an adopted child, a foster child, a step-child, a legal ward, or a child of an employee standing in loco parentis.
6. **Community Service Organization** - A non-profit, non-partisan community organization which is designated as an IRS Code 501(c)(3) agency, or a human service organization licensed or accredited to serve citizens with special needs including children, youth, and the elderly.

Authority G.S. 126-4.

**USES OF COMMUNITY SERVICE LEAVE**

Community service leave may be used for:

1. Meeting with a teacher or administrator concerning the employee's child;
2. Attending any function sponsored by the school in which the employee's child is participating. This provision shall only be utilized in conjunction with nonathletic programs that are a part or supplement to the school's academic or artistic program;
3. Donating time to perform school-approved volunteer work approved by a teacher, school administrator, or program administrator;
4. Donating time to perform a service for a community service organization. It does not include attendance or participation in an event in which no service is performed; performing volunteer work for a public university that is approved by a university administrator or other authorized university official;
5. Performing volunteer work for a community college that is approved by a community college administrator or other authorized community college official; or
6. Performing volunteer work for a State agency that is approved by the agency head or his/her designee.

Authority G.S. 126-4.

**RECRUITMENT AND SELECTION**

**GENERAL PROVISIONS**

Applicants applying for a state vacancy shall complete and submit a State Application Form (Form PD-107 or its equivalent) to the hiring authority. At the discretion of the agency, a resume may be accepted in lieu of an application in the initial stages of the screening process. Applicants selected for an interview shall complete and submit a State application (Form PD-107 or its equivalent) at the time of the interview.

In completing an Application Form, persons subject to registration under the Military Selective Service Act (50 United States Code, Appx Section 453) shall certify compliance with such registration requirements to be eligible for State employment, as required by G.S. 143B-421.1. The knowing and willful failure of a subject person to certify compliance with this Act when submitting an application for consideration, or to falsely certify compliance, may be grounds for dismissal from employment.

Persons eligible for veteran's preference shall submit a DD Form 214, Certificate of Release or Discharge from Active Duty, with the application or resume. The agency shall verify eligibility for veterans' preference.

Authority G.S. 96-29; 126-4(4); 126-4(6).
Note from the Codifier: The rules published in this Section of the NC Register are temporary rules reviewed and approved by the Rules Review Commission (RRC) and have been delivered to the Codifier of Rules for entry into the North Carolina Administrative Code. A temporary rule expires on the 270th day from publication in the Register unless the agency submits the permanent rule to the Rules Review Commission by the 270th day. This section of the Register may also include, from time to time, a listing of temporary rules that have expired. See G.S. 150B-21.1 and 26 NCAC 02C .0500 for adoption and filing requirements.

TITLE 09 – OFFICES OF THE GOVERNOR AND LIEUTENANT GOVERNOR

Note: These temporary rules were adopted under the procedure set out in G.S. 150B-21.1B. Adoption of rules to implement the American Recovery and Reinvestment Act.

Rule-making Agency: Office of Economic Recovery and Investment

Rule Citation: 09 NCAC 07 .0101-.0102, .0201-.0204, .0301-.0302, .0401-.0403, .0501-.0504, .0601-.0602, .0701-.0702

Effective Date: February 26, 2010

Received by Codifier for entry into the NCAC on February 18, 2010. See G.S. 150B-21.1B.

Reason for Action: These rules are necessary pursuant to the enactment on February 17, 2009 of the American Recovery and Reinvestment Act (ARRA) by the President and U.S. Congress and pursuant to N.C. General Statute 150B-21B enacted by the North Carolina General Assembly on August 29, 2009. The ARRA sets forth in Title XII, Transportation and Housing and Urban Development and Related Agencies, H.R. 1-107 parameters for the expenditure of the $1.5 billion allocated by the federal government under the ARRA for the newly created homelessness prevention and rapid re-housing program (HPRP). Sixty percent of the funds must be expended by grantees within two years of the date the funds become available for obligation and 100% of the funds must be expended within three years of such date. Based on this expedited timetable, OERI adhered to the requirements in N.C. General Statute 150B-21B and enacted the rules as required.


CHAPTER 07 – OFFICE OF ECONOMIC RECOVERY AND INVESTMENT

SECTION .0100 – GENERAL PROVISIONS

09 NCAC 07 .0101 FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Office of Economic Recovery and Investment, hereinafter referred to as OERI, include:

(1) to coordinate and monitor North Carolina's use of the federal stimulus funds under the ARRA;

(2) to help ensure that the funds will be put to use quickly and efficiently, and with the transparency and accountability that North Carolinians expect;

(3) to provide accountability for the use of the stimulus funds;

(4) to track all federal dollars flowing into state and local governments as well as to private businesses and non-profit organizations;

(5) to maximize the state's use of available federal stimulus funds;

(6) to identify the most rapid ways to move the stimulus money into the economy and remove regulatory and other impediments;

(7) to establish open and effective lines of communication with federal and state agencies, local governments and North Carolina's Congressional delegation to assist in efforts to effectively and rapidly use the federal stimulus funds;

(8) to develop a communications network, using a variety of tools including the Internet, to keep the public informed about the status and progress of the recovery effort, along with funding opportunities;

(9) to report to the General Assembly and the citizens on a regular basis about the status of the use of the stimulus funds, including federal, state and other non-federal money;

(10) to measure progress of the recovery effort by tracking the state's economic condition.


09 NCAC 07 .0102 HOW TO CONTACT OERI

The mailing address of OERI is:

Office of Economic Recovery and Investment
Office of the Governor
221 East Lane Street
Raleigh, North Carolina 27603


SECTION .0200 – HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM

09 NCAC 07 .0201 PURPOSE AND OBJECTIVES

The purpose of the North Carolina Homelessness Prevention and Rapid Re-Housing Program (hereinafter referred to as "HPRP") is to provide "short-term or medium-term rental assistance; housing relocation and stabilization services including housing..."
search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management; or other appropriate activities for homelessness prevention and rapid re-housing of persons who have become homeless. Consistent with this purpose, HPRP funds will assist private nonprofit organizations in improving the quality and availability of short-term housing and assist with housing relocation and stabilization for the homeless in their community.


09 NCAC 07 .0202 DEFINITIONS
The following terms shall apply to the rules of this Chapter:

(1) “ARRA” means the American Recovery and Reinvestment Act signed into law by the President on February 17, 2009.

(2) “Applicant” means a private nonprofit organization or local government entity which makes an application pursuant to the provisions of this Chapter.

(3) “HUD” means the United States Department of Housing and Urban Development.

(4) “Recipient” means a non-profit or local government that has been awarded an HPRP grant and has executed a Grant Agreement with OERI.

(5) “State” means the state of North Carolina.

(6) “Obligated” means the recipient has submitted requisitions for reimbursement of expenses, incurred costs, or performed similar transactions that require payment from the HPRP grant amount.

(7) “Expended” means purchases have been made and deliveries received for goods and services to be paid with HPRP funds.

(8) “Homeless” - shall be defined as by Section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302).


(10) “Private nonprofit organization” means a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1988 which:

(a) is exempt from taxation under Subtitle A of the Code;

(b) has an accounting system and a voluntary board; and

(c) practices nondiscrimination in the provision of assistance.


09 NCAC 07 .0203 ELIGIBLE RECIPIENTS
(a) Direct Awards:

(1) Required Services: The state reserves the right to directly contract for any federally required services or activities that can not be obtained through a competitive process. Such services include, but are not be limited to, the requirement for Homeless Management Information Services (HMIS).

(2) Cost Effective Statewide Coverage: The state reserves the right to directly contract for any eligible activities that cannot be obtained through a competitive process that would benefit the entire state and/or effectively prevent duplication among funded applicants in the competitive process.

(3) Existing Services: The state reserves the right to directly contract with previously existing programs providing housing stability services as part of the Mental Health Initiative funded by the Mental Health Trust Fund. Existing funding for these Housing Support Teams ended in June 2009.

(b) Competitive Awards: The remainder of funds will be administered through a competitive process.


09 NCAC 07 .0204 ELIGIBLE APPLICANTS
(a) Units of general local government in the state, which may include metropolitan cities and urban counties that receive grant amounts directly from HUD, but may not include public housing authorities.

(b) Private non-profit organizations. If the non-profit is located in an entitlement area not covered by the state’s Consolidated Plan, the local government for the area in which the office of the non-profit organization is physically located must certify in writing to OERI that it approves of the program.


SECTION .0300 - ELIGIBLE AND INELIGIBLE ACTIVITIES

09 NCAC 07 .0301 ELIGIBLE ACTIVITIES
This Chapter, in accordance with the ARRA, adopts by reference as eligible activities those Operations/Services activities described as such in the ARRA. Copies of these sections of federal law are available for public distribution from OERI.

History Note: Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
09 NCAC 07 .0302  INELIGIBLE ACTIVITIES
This Chapter, in accordance with the ARRA, adopts by reference as ineligible activities those Operations/Services activities described as such in the ARRA. Copies of these sections of federal law are available for public distribution from OERI.

History Note:  Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
Emergency Adoption Eff. January 19, 2010;
Temporary Adoption Eff. February 26, 2010.

SECTION .0400 - GENERAL REQUIREMENTS

09 NCAC 07 .0401  APPLICATION REQUIREMENTS
(a)  Private nonprofit organizations and units of local governments are required to submit applications in a manner prescribed by OERI in order to be considered for funding. Selection of applications for funding will be based on information contained in the application.
(b)  OERI shall designate specific dates for submission of HPRP grant applications. Grant application submission dates will be announced by OERI a minimum of 20 days before the date applications are due.
(c)  Applications must be received by OERI in Raleigh before 5:00 p.m. on the submission date.
(d)  The applicant shall certify to OERI that it will comply with all applicable federal and state laws, regulations, rules and executive orders. Copies of these federal and state documents are available for public distribution from OERI.
(e)  Applicants must comply with the ARRA, all applicable federal and state laws, regulations, rules, executive orders and guidance, as well as all directives and guidelines issued by OERI.

History Note:  Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
Emergency Adoption Eff. January 19, 2010;
Temporary Adoption Eff. February 26, 2010.

09 NCAC 07 .0402  SIZE OF GRANTS
(a)  The maximum amount which may be applied for shall be determined by OERI in accordance with the provisions of the ARRA.
(b)  The minimum grant which may be applied for shall be determined by the OERI.
(c)  OERI reserves the right to award grants for less than the requested amount in the event that the total amount of funds requested exceeds the total amount of funds available; OERI also reserves the right to award grants exceeding the amount requested if the total amount of funds requested is less than the total amount of funds available.

History Note:  Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
Emergency Adoption Eff. January 19, 2010;

09 NCAC 07 .0403  OPERATIONS/SERVICE S/HOMELESS PREVENTION
Applications for HPRP funds must be complete and show that:
(1)  The application was duly authorized by the local governing body, or that such authorization is imminent.
(2)  Grant funds will be expended pursuant to the rules of this Chapter.
(3)  Funds will be expended within three years of the date of the grant award.
(4)  All federal and state requirements and guidance, the provisions of the ARRA and the provisions of OERI Management Directives will be met. Furthermore, Recipients will comply with any future changes to the program or its administration.

History Note:  Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
Emergency Adoption Eff. January 19, 2010;
Temporary Adoption Eff. February 26, 2010.

SECTION .0500 - GRANT ADMINISTRATION

09 NCAC 07 .0501  GRANT AGREEMENT
(a)  Upon approval of the application by OERI, a written grant agreement will be executed between the recipient and OERI. The rules in this Chapter, application guidelines, subsequent guidelines prepared by OERI, the approved application, and any subsequent amendments to the approved application shall become a part of the grant agreement.
(b)  A copy of the grant agreement in its original form along with any and all modifications thereto shall be kept on file in the office of the recipient.
(c)  HPRP Program amendments. Recipients shall request prior OERI approval for all amendments to the grant agreement.
(d)  OERI reserves the right to disallow any proposed amendment to the grant agreement.

History Note:  Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
Emergency Adoption Eff. January 19, 2010;
Temporary Adoption Eff. February 26, 2010.

09 NCAC 07 .0502  METHOD OF ADMINISTRATION
(a)  Recipients have the responsibility of undertaking or carrying out HPRP activities. This does not prohibit the designation of an administering agency.
(b)  OERI shall make payments of HPRP funds to recipients on a cost-reimbursement or cost-incurred basis. Recipients shall request payment of HPRP funds in a manner prescribed by OERI and in accordance with the ARRA.
(c)  All payments of HPRP funds to recipients must be for costs incurred during the period of the grant. Recipients will not receive payment for costs incurred before the execution of the Grant Agreement unless specified in the grant agreement.

History Note:  Authority S.L. 2009-475; P.L. 111-5; Title XII, H.R. 1-107;
Emergency Adoption Eff. January 19, 2010;
09 NCAC 07 .0503 RECORDKEEPING

(a) OERI, Office of State Budget and Management (OSBM), Government Accountability Office (GAO), the Inspector General, Comptroller General and any other duly authorized state or federal representatives, shall have access to any and all records or may interview any employee, staff or officers working on these contracts. These officials have the authority to examine any record and interview any employee, staff or officer of the contractor, its subcontractors or other firms working on this contract. Nothing in this section shall be interpreted to limit or restrict in any way any existing authority of OERI, OSBM, GAO, the Inspector General, Comptroller General and any other duly authorized state or federal representatives.

(b) Financial records, supporting documents and all other reports and records required under this Chapter, and all other audits and records pertinent to the HPRP shall be retained by the recipient for a period of at least three years from the date of the closeout of the program, except that records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(c) All records shall be sufficient to determine compliance with the requirements and primary objectives of the HPRP Program and all other applicable laws and regulations. All accounting records shall be supported by source documentation.


09 NCAC 07 .0504 GRANT CLOSEOUTS

HPRP grants will be closed out by OERI in the following circumstances:

1. OERI will initiate closeout procedures after OERI determines, in consultation with the recipient, that there are no impediments to closeout and that all HPRP funds have been expended or returned to OERI.

2. Termination of grant for mutual convenience.

   Grant assistance provided under this Chapter may be cancelled, in whole or in part, by OERI or the recipient, prior to the completion of the approved HPRP, when both parties agree that the continuation of the program no longer is feasible or would not produce beneficial results commensurate with the further expenditure of funds. Termination of grant shall be in writing.

3. Termination for cause. OERI may terminate the recipient's entire grant, or the remaining balance thereof, in accordance with Rule .0603 of this Chapter.


SECTION .0600 - COMPLIANCE AND REPORTING REQUIREMENTS

09 NCAC 07 .0601 COMPLIANCE

Recipients shall have responsibility for ensuring that HPRP funds are expended as stated in their grant agreement and in conformance with all applicable federal and state laws, regulations, directives and guidelines. OERI may prescribe procedures for ensuring compliance with the provisions of this Rule.


09 NCAC 07 .0602 REPORTING

OERI shall require recipients to provide interim performance reports in a form prescribed by OERI and in compliance with the ARRA. Recipients are responsible for compliance with all reporting deadlines.


SECTION .0700 - REMEDIES

09 NCAC 07 .0701 REMEDIES/COURSES OF ACTION

When OERI determines on the basis of a review of a recipient's performance that the objectives of an HPRP program described in the grant agreement have not been met, OERI may take one or more of the following actions as OERI deems appropriate:

1. Issue a warning letter that further failure to comply with such requirements will result in a more serious sanction;

2. Require successful corrective action and any specific monitoring conditions for continuation of this or any future grant;

3. Direct the recipient to cease the expenditure of all grant funds, stop the incurring any costs or obligations with respect to HPRP;

4. Require that some or all of the grant amounts be remitted to OERI;

5. Reduce the level of funds the recipient would otherwise be entitled to receive; or

6. Bar the recipient from participation in future grant proposals. Elect not to provide future grant funds to the recipient until appropriate actions are taken to ensure compliance.

09 NCAC 07 .0702 OTHER REMEDIES
Nothing in this section on remedies shall limit the rights of the grantor from any other relief in law or equity.


TITLE 10A – DEPARTMENT OF HEALTH AND HUMAN SERVICES

Rule-making Agency: Division of Health Service Regulation

Rule Citation: 10A NCAC 14C .1701

Effective Date: March 1, 2010

Date Approved by the Rules Review Commission: February 18, 2010

Reason for Action: Each year, changes to existing Certificate of Need rules are required to comply or to ensure consistency with the State Medical Facilities Plan (SMFP). The effective date of the 2010 SMFP is January 1, 2010.

CHAPTER 14 – DIRECTOR, DIVISION OF HEALTH SERVICE REGULATION

SUBCHAPTER 14C - CERTIFICATE OF NEED REGULATIONS

SECTION .1700 - CRITERIA AND STANDARDS FOR OPEN-HEART SURGERY SERVICES AND HEART-LUNG BYPASS MACHINES

10A NCAC 14C .1701 DEFINITIONS
The following definitions shall apply to all rules in this Section:

(1) "Capacity" of a heart-lung bypass machine means 400 adult-equivalent open heart surgical procedures per year. One open heart surgical procedure on persons age 14 and under is valued at two adult open heart surgical procedures. For purposes of determining capacity, one open heart surgical procedure is defined to be one visit or trip by a patient to an operating room for an open heart operation.

(2) "Cardiac Surgical Intensive Care Unit" means a distinct intensive care unit as defined in 10A NCAC 14C .1201(2) and which is for exclusive use by post-surgical open heart patients.

(3) "Heart-lung bypass machine" shall have the same meaning as defined in G.S. 131E-176(10a).

(4) "Open heart surgery service area" means a geographical area defined by the applicant, which has boundaries that are not farther than 90 road miles from the facility, except that the open heart surgery service area of an academic medical center teaching hospital designated in 10A NCAC 14B, the State Medical Facilities Plan shall not be limited to 90 road miles.

(5) "Open heart surgery services" shall have the same meaning as defined in G.S. 131E-176(18b).

(6) "Open heart surgical procedures" means highly specialized surgical procedures which:
   (a) utilize a heart-lung bypass machine (the "pump") to perform extracorporeal circulation and oxygenation during surgery;
   (b) are designed to correct congenital and acquired cardiac and coronary disease; and
   (c) are identified by Medicare Diagnostic Related Group ("DRG") numbers 104, 105, 106, 107, and 108, 109, 547, 548, 549, and 550.

(7) "Primary open heart surgery service area" means a geographical area defined by the applicant, which has boundaries that are not farther than 45 road miles from the facility, except that the primary open heart surgery service area of an academic medical center teaching hospital designated in 10A NCAC 14B, the State Medical Facilities Plan shall not be limited to 45 road miles.

History Note: Filed as a Temporary Amendment Eff. September 1, 1993 for a period of 180 days or until the permanent rule becomes effective, whichever is sooner; Authority G.S. 131E-177(1); 131E-183; Eff. January 1, 1987; Amended Eff. November 1, 1996; January 4, 1994; November 1, 1989; Temporary Amendment Eff. January 1, 1999; Temporary Eff. January 1, 1999 Expired on October 12, 1999; Temporary Amendment Eff. January 1, 2000 and shall expire on the date on which the permanent amendment to this Rule, approved by the Rules Review Commission on November 17, 1999, becomes effective; Amended Eff. July 1, 2000; Temporary Amendment Eff. March 1, 2010.
RULES REVIEW COMMISSION

This Section contains information for the meeting of the Rules Review Commission on Thursday, November 19, 2009 9:00 a.m. at 1711 New Hope Church Road, RRC Commission Room, Raleigh, NC. Anyone wishing to submit written comment on any rule before the Commission should submit those comments to the RRC staff, the agency, and the individual Commissioners. Specific instructions and addresses may be obtained from the Rules Review Commission at 919-431-3100. Anyone wishing to address the Commission should notify the RRC staff and the agency no later than 5:00 p.m. of the 2nd business day before the meeting. Please refer to RRC rules codified in 26 NCAC 05.

RULES REVIEW COMMISSION MEMBERS

Appointed by Senate
Jim R. Funderburk - 1st Vice Chair
David Twiddy - 2nd Vice Chair
Ralph A. Walker
Jerry R. Crisp
Jeffrey P. Gray

Appointed by House
Jennie J. Hayman - Chairman
John B. Lewis
Clarence E. Horton, Jr.
Daniel F. McLawhorn
Curtis Venable

COMMISSION COUNSEL
Joe DeLuca (919)431-3081
Bobby Bryan (919)431-3079

RULES REVIEW COMMISSION MEETING DATES
March 18, 2010 April 15, 2010
May 20, 2010 June 17, 2010

RULES REVIEW COMMISSION
February 18, 2010
MINUTES

The Rules Review Commission met on Thursday, February 18, 2010, in the Commission Room at 1711 New Hope Church Road, Raleigh, North Carolina. Commissioners present were: Jerry Crisp, Jim Funderburk, Jeff Gray, Jennie Hayman, Clarence Horton, Dan McLawhorn, Curtis Venable and Ralph Walker.

Staff members present were: Joseph DeLuca and Bobby Bryan, Commission Counsel; Tammara Chalmers, Julie Edwards and Dana Vojtko.

The following people were among those attending the meeting:

Anca Grozav Office of State Budget and Management
Nancy Pate Department of Environment and Natural Resources
Karen Waddell Department of Insurance
Jeff Babb NC State Highway Patrol
Joe Dugdale NC State Highway Patrol
Rebecca Lem Attorney General's Office
Cady Thomas NC Association of Realtors
Bob Potter Department of Insurance
Mike Hejduk Home Inspector Licensure Board
Phil Joyner Home Inspector Licensure Board
John Hoomani Department of Labor
Kris Horton DHHS/Division of Medical Assistance
Teresa Smith DHHS/Division of Medical Assistance
Lisa Weeks DHHS/Division of Medical Assistance
Glenda Adams DHHS/Division of Medical Assistance
Bob Martin DHHS/Division of Public Health
Rose Williams Department of Insurance
Craig Smith DHHS/Division of Health Service Regulation
Gloria Hale DHHS/Division of Health Service Regulation
Jean Holliday Department of Justice
The meeting was called to order at 9:03 a.m. with Ms. Hayman presiding. She reminded the Commission members that they have a duty to avoid conflicts of interest and the appearances of conflicts as required by NCGS 138A-15(e). Chairman Hayman asked for any discussion, comments, or corrections concerning the minutes of the January 21, 2010 meeting. There were none and the minutes were approved as distributed.

**FOLLOW-UP MATTERS**

12 NCAC 09B .0203 – Criminal Justice Education and Training Standards Commission. No rewritten rule has been submitted and no action was taken.

15A NCAC 13B .0835, .0836, .0841, .0842 – Commission for Public Health. No rewritten rules have been submitted and no action was taken.

**LOG OF FILINGS**

Chairman Hayman presided over the review of the log of permanent rules.

All permanent rules were approved unanimously with the following exceptions:

10A NCAC 22M .0102: Division of Medical Assistance - The Commission objected to this rule based on ambiguity. Paragraph (a) limits membership on the Drug Use Review Board to three one year terms. One of the members is required to be the Division Drug Use Review Coordinator. It is not clear what happens if the same person holds this position more than three years. He would not be eligible for membership but would be required to be a member.

10A NCAC 22O .0118: Division of Medical Assistance - The Commission objected to this rule based on lack of statutory authority and ambiguity. Sub-paragraph (a)(5) references the "CMS Drug Efficacy Study Implementation List." There is no such list. The FDA conducts the drug efficacy studies and periodically publishes a DESI notice in the Federal Register. The language is either wrong or misleading. It is thus unclear. In (b), it is not clear what the agency is trying to accomplish by saying "the Division may use a certification form." There does not appear to be any authority for the agency to set the requirements in (d) and (e). These are rules about the practice of pharmacy and are more appropriate for adoption by the Pharmacy Board. In (h), it is not clear what drugs are documented on the NC DMA Pharmacy Benefit Management website. There is no authority cited for the agency to set this requirement without going through rulemaking. In addition S.L. 2009-451, s.10.58(d)(28) prohibits the agency from imposing prior authorization requirements on medications prescribed for treatment of mental illness and HIV/AIDS. There is therefore no authority to adopt a rule not exempting them.

11 NCAC 08 .1004: Home Inspector Licensure Board - The Commission objected to this rule based on ambiguity. In (c), it is not clear what standards the Board will use in approving a home inspection course or training. The only standard in the rule is 120 hours of instruction, but it is not clear that the Board intends that to be the only standard. It is also not clear what other educational formats have been approved.

11 NCAC 12 .1901: Department of Insurance - The Commission objected to this rule based on ambiguity. In (1)(b), it is not clear what constitutes "proper authority."

12 NCAC 07D .0405: Private Protective Services Board - This rule was withdrawn by the agency and refiled for next month's meeting.

13 NCAC 07A .0901: Department of Labor – The Commission objected to this rule based on ambiguity. In (g), it is not clear what is meant by "shall be handled with discretion and care."

13 NCAC 07A .0904: Department of Labor – The Commission objected to this rule based on ambiguity. In (e), it is not clear what is meant by "with a minimum of medical information taken off-site."
The Commission granted the Request for Waiver of Rule 26 NCAC 05 .0108(a) or (d) submitted by the Department Labor and approved re-written rules 13 NCAC 07A .0901 and .0904. Commissioner Venable voted against the motion to object to the original rules .0901 and .0904, approve the remaining rules from the Department of Labor, grant the waiver, and approve the re-written rules.

14A NCAC 09H .0321: Department of Crime Control and Public Safety - The Commission objected to this rule based on ambiguity. In (a)(10), it is not clear what the Rotation Wrecker Liaison Lieutenant is looking for when he reviews a price list, nor when a price list will be approved. In (a)(15), it is not clear what is meant by "immediately." In (a)(22), it is not clear what is mean by "immediately."

15A NCAC 12: Department of Environment and Natural Resources – These rules were withdrawn by the agency and refiled for next month's meeting.

Prior to the review of the rules from the Board of Barber Examiners, Commissioner Gray recused himself and did not participate in any vote concerning these rules because he represents the Board.

21 NCAC 06K .0112: Board of Barber Examiners – This rule was withdrawn by the agency.

21 NCAC 06L .0111: Board of Barber Examiners - The Commission objected to this rule based on lack of statutory authority. The definition of "medical necessity" in (b)(1) (an undefined statutory term) seems to limit the meaning beyond the ordinary meaning of the term. The rule limits medical necessity to a "procedure." This would not include persons who are physically unable to leave their homes due to a medical condition but have no particular procedure being performed. This seems to limit the exception beyond that envisioned by the statute.

21 NCAC 06L .0116: Board of Barber Examiners - The Commission objected to this rule based on lack of statutory authority. There does not appear to be any authority for the first sentence in (c). The closest authority seems to be G.S. 86A-15(b) which allows the Board to make additional rules governing barbers and barber shops for the proper administration and enforcement of G.S. 86A-15. But this rule does not appear to have anything to do with the administration and enforcement of that statute.

21 NCAC 06N .0101: Board of Barber Examiners - The Commission objected to this rule based on lack of statutory authority. Subparagraph (a)(23) seems to violate G.S. 132-6.2. While G.S. 86A-25 authorizes the Board to set reasonable charges for duplication services and materials, G.S. 132-6.2(b) limits that charge to the actual cost to the agency for making the copy. Actual cost is limited to direct chargeable costs related to the reproduction of a public record as determined by generally accepted accounting principles and does not include costs that would have been incurred by the public agency if a request to reproduce the public record had not been made. Five dollars ($5.00) for the first page and twenty-five cents ($ .25) for each additional seems to exceed the actual cost.

R313: Building Code Council - The Commission objected to this rule based on ambiguity. In R313.1.1, it is not clear what amounts to "immediate vicinity." Is this six inches, six feet, six yards or what?

TEMPORARY RULES

Chairman Hayman presided over the review of the log of temporary rules.

The temporary rule was unanimously approved by the Commission.

COMMISSION PROCEDURES AND OTHER BUSINESS

There was no other business.

The meeting adjourned at 10:51 a.m.

The next scheduled meeting of the Commission is Thursday, March 18 at 9:00 a.m.

Respectfully Submitted,

Dana Vojtko
Publications Coordinator
## LIST OF APPROVED PERMANENT RULES
### February 18, 2010 Meeting

### HHS - MEDICAL ASSISTANCE, DIVISION OF
- **Pharmacy of Record**: 10A NCAC 21C .0103
- **Patient Counseling**: 10A NCAC 22M .0201
- **Applicability**: 10A NCAC 22M .0301
- **Prescribed Drugs**: 10A NCAC 22O .0407

### HOME INSPECTOR LICENSURE BOARD
- **Meetings**: 11 NCAC 08 .1002
- **Purpose and Scope**: 11 NCAC 08 .1103

### INSURANCE, DEPARTMENT OF
- **Actuarial Memorandum with Asset Adequacy Analysis**: 11 NCAC 11F .0307
- **Basic and Premium Deficiency Reserves**: 11 NCAC 11F .0403
- **Model Regulation Permitting the Recognition of Preferred ...**: 11 NCAC 11F .0801
- **Unfair or Deceptive Acts or Practices**: 11 NCAC 12 .1902
- **Justification of Adverse Insurance Decisions**: 11 NCAC 12 .1903

### SHERIFFS EDUCATION AND TRAINING STANDARDS COMMISSION
- **Instructors**: 12 NCAC 10B .2004

### LABOR, DEPARTMENT OF
- **Incorporation by Reference**: 13 NCAC 07A .0301
- **Scope and Application**: 13 NCAC 07A .0901
- **Responsible Persons**: 13 NCAC 07A .0902
- **Security Procedures; Retention and Destruction of Records**: 13 NCAC 07A .0903
- **Intra-Agency Use and Transfer**: 13 NCAC 07A .0904
- **Inter-Agency Transfer and Public Disclosure**: 13 NCAC 07A .0905

### ENVIRONMENTAL MANAGEMENT COMMISSION
- **Toxic Air Pollutant Guidelines**: 15A NCAC 02D .1104

### COASTAL RESOURCES COMMISSION
- **Coastal Shorelines**: 15A NCAC 07H .0209

### BARBER EXAMINERS, BOARD OF
- **Manager**: 21 NCAC 06F .0102
- **Roster and Student Records**: 21 NCAC 06F .0110
- **Students with Criminal Records**: 21 NCAC 06F .0116
- **Renewal as Registered Apprentice**: 21 NCAC 06J .0103
- **Separation From Other Businesses; Residential Shops; Mobi...**: 21 NCAC 06L .0106
- **Inspections of Shops**: 21 NCAC 06L .0115
- **Barber Failing to Maintain or Produce Exemption Log**: 21 NCAC 06O .0117
AGENDA
RULES REVIEW COMMISSION
Thursday, March 18, 2010 9:00 A.M.

I. Ethics reminder by the chair as set out in G.S. 138A-15(e)

II. Approval of the minutes from the last meeting

III. Follow-Up Matters:
   A. DHHS-Division of Medical Assistance – 10A NCAC 22M .0102 (Bryan)
   B. DHHS-Division of Medical Assistance – 10A NCAC 22O .0118 (Bryan)
   C. Home Inspector Licensure Board – 11 NCAC 08 .1004 (Bryan)
   D. Department of Insurance – 11 NCAC 12 .1901 (Bryan)
   E. Criminal Justice Education and Training Standards Commission – 12 NCAC 09B .0203 (Bryan)
   F. Department of Crime Control and Public Safety – 14A NCAC 09H .0321 (Bryan)
   G. Commission for Public Health – 15A NCAC 13B .0835, .0836, .0841, .0842 (DeLuca)
   H. Board of Barber Examiners – 21 NCAC 06L .0111, .0116 (Bryan)
   I. Board of Barber Examiners – 21 NCAC 06N .0101 (Bryan)
   J. Building Code Council – 2009 NC Residential Code R313 (Bryan)

IV. Review of Log of Filings (Permanent Rules) for rules filed between January 21, 2010 and February 22, 2010

V. Review of Log of Filings (Temporary Rules)

VI. Commission Business
   • Next meeting: April 15, 2010
INSURANCE, DEPARTMENT OF

The rules in Chapter 22 concern Professional Employer Organization trusts.

<table>
<thead>
<tr>
<th>RULES REVIEW COMMISSION</th>
</tr>
</thead>
</table>

### Scope
Adopt/*

### Definitions
Adopt/*

### General Eligibility
Adopt/*

### Permanent Requirements
Adopt/*

### Financial Requirements
Adopt/*

### Administrative, Provider, and Management Contracts
Adopt/*

### Trust Submittal and Plan of Operation
Adopt/*

### Power of Attorney
Adopt/*

### Claims Payments
Adopt/*

### Dissolution
Adopt/*

### Minimum Reserve Standards
Adopt/*

### Claim Reserves
Adopt/*

### Premium Reserves
Adopt/*

### Maximum Net Retention Standard
Adopt/*

### Qualified Actuary; Maximum Net Retention Filing
Adopt/*

### Certification of Reserves Filing
Adopt/*

### Definitions and Certification of Rates Filing
Adopt/*

---

PRIVATE PROTECTIVE SERVICES BOARD

The rules in Subchapter 7D cover organization and general provisions (.0100); licenses and trainee permits (.0200); security guard patrol and guard dog service (.0300); private investigator and counterintelligence (.0400); polygraph (.0500); psychological stress evaluator (PSE) (.0600); unarmed security guard registration (.0700); armed security guard firearm registration permit (.0800); trainer certificate (.0900); recovery fund (.1000); training and supervision for private investigator associates (.1100); courier (.1200); and continuing education (.1300).

<table>
<thead>
<tr>
<th>RULES REVIEW COMMISSION</th>
</tr>
</thead>
</table>

### Private Investigator's Use of a Badge
Adopt/*

### Fees for Unarmed Security Guard Registration
Amend/**
COASTAL RESOURCES COMMISSION

The rules in Chapter 7 are coastal management rules.

The rules in Subchapter 7H are the state guidelines for areas of environmental concern including introduction and general comments (.0100); the estuarine system (.0200); ocean hazard areas (.0300); public water supplies (.0400); natural and cultural resource areas (.0500); development standards (.0600); general permits for: construction or maintenance of bulkheads and the placement of riprap for shoreline protection in estuarine and public trust waters (.1100); piers, docks and boat houses in estuarine and public trust waters (.1200); boat ramps along estuarine shorelines and into estuarine and public trust waters (.1300); groins in estuarine and public trust waters (.1400); excavation within or connecting to existing canals, channels, basins, or ditches in estuarine waters, public trust waters, and estuarine shoreline AECs (.1500); aerial and subaqueous utility lines with attendant structures in coastal wetlands, estuarine waters, public trust waters and estuarine shorelines (.1600); emergency work requiring a CAMA or a dredge and fill permit (.1700); beach bulldozing landward of the mean high-water mark in the ocean hazard AEC (.1800); temporary structures within the estuarine and ocean hazard AECs (.1900); authorizing minor modifications and repair to existing pier/mooring facilities in estuarine and public trust waters and ocean hazard areas (.2000); construction of sheetpil s for shoreline protection in estuarine and public trust waters (.2100); construction of freestanding moorings in established waters and public trust areas (.2200); replacement of existing bridges and culverts in estuarine waters, estuarine shorelines, public trust areas and coastal wetlands (.2300); placement of riprap for wetland protection in estuarine and public trust waters (.2400); replacement of structures, the reconstruction of primary or frontal dune systems, and the maintenance excavation of existing canals, basins, channels, or ditches, damaged, destroyed, or filled in by hurricanes or tropical storms (.2500); construction of wetland, stream and buffer mitigation sites by the North Carolina Ecosystem Enhancement Program or the North Carolina Wetlands Restoration Program (.2600); and the construction of riprap sills for wetland enhancement in estuarine and public trust waters (.2700).

Use Standards
Amend/**  15A NCAC 07H .0208

Use Standards for Ocean Hazard Areas: Exceptions
Amend/*  15A NCAC 07H .0309

General Conditions
Amend/*  15A NCAC 07H .1704

Specific Conditions
Amend/*  15A NCAC 07H .1705

ENVIRONMENT AND NATURAL RESOURCES, DEPARTMENT OF

The rules in Chapter 12 concern parks and recreation areas.

The rules in Subchapter 12A concern organization and duties.

Organization and Purpose
Amend/*  15A NCAC 12A .0101

Directory of State Parks and Recreation Areas
Amend/*  15A NCAC 12A .0104

Definitions
Amend/*  15A NCAC 12A .0105

The rules in Subchapter 12B concern parks and recreation areas including general provisions (.0100); preservation of the park (.0200); bathing (.0300); refuse and rubbish (.0400); traffic and parking (.0500); boating and camping (.0600); sports and games (.0700); hunting and fishing (.0800); firearms, explosives, fires, etc. (.0900); disorderly conduct, public nuisance, etc. (.1000); commercial enterprises, advertising, meetings, exhibitions, etc. (.1100); and miscellaneous (.1200).

Permits
Amend/*  15A NCAC 12B .0104

Natural and Cultural Resource Protection
Amend/*  15A NCAC 12B .0201
Metal Detectors Prohibited
Amend/**

Rock or Cliff Climbing and Rappelling
Amend/**

Bathing and Swimming Activities Where Prohibited
Amend/*

Disposal of Refuse: Garbage, Etc.
Amend/*

Vehicles: Where Prohibited
Amend/**

Parking
Amend/**

Boating
Amend/**

Camping
Amend/**

Sports and Games: When Permitted
Amend/**

Fishing
Amend/**

Noise Regulation
Amend/**

Intoxication Liquors: Controlled Substance or Beverages
Amend/**

Animals at Large
Amend/**

Commercial Enterprises
Amend/**

Public Assemblies and Meetings; Special Activity Permit
Amend/**

Closing and Opening Hours; Restricted Areas
Amend/**

Reservation Periods
Amend/**

Fees and Charges
Amend/**

---

**PUBLIC HEALTH, COMMISSION FOR**

The rules in Chapter 13 cover hazardous and solid waste management, inactive hazardous substances, and waste disposal sites.

The rules in Subchapter 13A cover hazardous waste management and specifically HWTSD (hazardous waste treatment, storage, or disposal) facilities.

**STDS Applicable to Generators of Hazardous Waste-Part 262**
Amend/**

**ENVIRONMENT AND NATURAL RESOURCES, DEPARTMENT OF**

The rules in Chapter 28 are from the NC Aquariums and concern use of North Carolina Aquariums (.0100); scheduling activities for group use (.0200); unauthorized use of facilities, fees (.0300); firearms, fires, and smoking (.0400); conduct, alcoholic beverages, pets and proper dress (.0500); commercial activities, solicitations, etc. (.0600); and preservation of aquarium property
Purpose
Repeal/*

Facilities
Repeal/*

Users
Amend/*

Permissible Activities
Amend/*

Permission for Use
Amend/*

Scheduling Permissible Activities
Repeal/*

Available Areas
Amend/*

Long-Term Use Prohibited
Repeal/*

Scheduling Activities for Regular Hours
Amend/*

Aquarium Responsibilities
Repeal/*

Scheduling Activities for Non-regular Hours
Amend/*

Unauthorized Entry
Amend/**

Fee Schedule
Amend/*

Lethal Instruments
Amend/*

Fires
Amend/*

Smoking
Amend/*

Uses Not Covered by Policy
Repeal/*

Disorderly Conduct
Amend/*

Sales of Alcohol or Controlled Substances
Amend/**

Consumption of Alcohol
Amend/**

Pets
Amend/*

Loud Radios
Amend/*

Proper Dress
Amend/*

Coaster Conveyances
Adopt/*

Advertising
Amend/**
### GENERAL CONTRACTORS, LICENSING BOARD FOR

The rules of the Licensing Board for General Contractors include the board's organization (.0100); licensing requirements (.0200); application procedures (.0300); examinations (.0400); licenses (.0500); disciplinary procedures (.0700); contested cases (.0800); and home-owners recovery fund (.0900).

### DENTAL EXAMINERS, BOARD OF

The rules in Chapter 16 cover the licensing of dentists and dental hygienists.

The rules in Subchapter 16B concern licensure examination for dentists including examination required (.0100); qualifications (.0200); application (.0300); Board conducted examinations (.0400); licensure by credentials (.0500); limited volunteer dental license (.0600); instructor's license (.0700); temporary volunteer dental license (.0800); and exemptions for active military (.0900).

### DIETETICS/NUTRITION, BOARD OF

The rules in Chapter 17 are from the Board of Dietetics/Nutrition. The rules cover the general provisions of licensure (.0100); weight control programs (.0200); dietetic/nutrition students or trainees (.0300); and unlicensed individuals and those who aid in the practice of dietetics/nutrition (.0400).
<table>
<thead>
<tr>
<th>Rule Description</th>
<th>Code</th>
<th>NCAC</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of Ethics for Professional Practice and Conduct</td>
<td>Amend/*</td>
<td>21</td>
<td>17.0114</td>
</tr>
<tr>
<td>Violations, Complaints, Subsequent Board Action, and Hear...</td>
<td>Amend/*</td>
<td>21</td>
<td>17.0116</td>
</tr>
<tr>
<td>Suspension of Authority and Escrow of Funds</td>
<td>Adopt/*</td>
<td>21</td>
<td>17.0117</td>
</tr>
<tr>
<td>Armed Services Licensees</td>
<td>Adopt/*</td>
<td>21</td>
<td>17.0118</td>
</tr>
<tr>
<td>Individuals Aiding the Practice of Dietetics/Nutrition</td>
<td>Amend/**</td>
<td>21</td>
<td>17.0401</td>
</tr>
</tbody>
</table>

**MASSAGE AND BODYWORK THERAPY, BOARD OF**

The rules in Chapter 30 concern organization and general provisions (.0100); application for licensure (.0200); licensing (.0300); business practices (.0400); standards of professional conduct (.0500); massage and bodywork therapy schools (.0600); continuing education (.0700); rules (.0800); and complaints, disciplinary action and hearings (.0900).

<table>
<thead>
<tr>
<th>Rule Description</th>
<th>Code</th>
<th>NCAC</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>License Renewal</td>
<td>Amend/*</td>
<td>21</td>
<td>30.0303</td>
</tr>
</tbody>
</table>

**MEDICAL BOARD**

The rules in Chapter 32 include the licensing and practice standards of doctors, approval of nurse practitioners and physician assistants, regulation of professional corporations and mobile intensive care, and other aspects of medical practice and the regulatory procedures.

The rules in Subchapter 32W concern the regulations of anesthesiologist assistants.

<table>
<thead>
<tr>
<th>Rule Description</th>
<th>Code</th>
<th>NCAC</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervision of Anesthesiologist Assistants</td>
<td>Amend/*</td>
<td>21</td>
<td>32W.0109</td>
</tr>
</tbody>
</table>

**PHARMACY, BOARD OF**

The rules in Chapter 46 cover organization of the Board (.1200); general definitions (.1300); hospitals and other health facilities (.1400); admission requirements and examinations (.1500); licenses and permits (.1600); drugs dispensed by nurse and physician assistants (.1700); prescriptions (.1800); forms (.1900); administrative provisions (.2000); elections (.2100); continuing education (.2200); prescription information and records (.2300); dispensing in health departments (.2400); miscellaneous provisions (.2500); devices (.2600); nuclear pharmacy (.2700); sterile parenteral pharmaceuticals (.2800); product selection (.2900); disposal of unwanted drugs (.3000); clinical pharmacist practitioner (.3100); impaired pharmacist peer review program (.3200); and registry of pharmacist technicians (.3300).

<table>
<thead>
<tr>
<th>Rule Description</th>
<th>Code</th>
<th>NCAC</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension of Period for Certain Members of the Armed Forces</td>
<td>Adopt/*</td>
<td>21</td>
<td>46.1613</td>
</tr>
</tbody>
</table>

**APPRAISAL BOARD**

The rules in Subchapter 57A cover licensing, certification and practice rules for appraisers including application procedures (.0100); licensing and certification (.0200); examination (.0300); general practice requirements (.0400); and appraisal standards (.0500).

<table>
<thead>
<tr>
<th>Rule Description</th>
<th>Code</th>
<th>NCAC</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications for Trainee Registration and Appraiser Cer.,</td>
<td>Amend/*</td>
<td>21</td>
<td>57A.0201</td>
</tr>
<tr>
<td>Continuing Education</td>
<td>Amend/*</td>
<td>21</td>
<td>57A.0204</td>
</tr>
<tr>
<td>Appraisal Reports</td>
<td>Amend/*</td>
<td>21</td>
<td>57A.0405</td>
</tr>
</tbody>
</table>
Amend/* Supervision of Trainees 21 NCAC 57A .0407

The rules in Subchapter 57B cover real estate appraisal education including the courses required for licensure or certification (.0100); course sponsor standards for pre-licensing or pre-certification courses (.0200); pre-licensing and pre-certification course standards (.0300); course sponsor fees (.0400); fees for private real estate appraisal education schools (.0500); and continuing education course standards (.0600).

Registered Trainee Course Requirements 21 NCAC 57B .0101
Certified Residential Real Estate Appraiser Course Requirements 21 NCAC 57B .0102
Certified General Real Estate Appraiser Course Requirements 21 NCAC 57B .0103
Course Completion Standards 21 NCAC 57B .0303
Course Scheduling 21 NCAC 57B .0304
Instructor Requirements 21 NCAC 57B .0306
Criteria for Course Recognition 21 NCAC 57B .0307
Criteria for Course Approval 21 NCAC 57B .0603
Course Operational Requirements 21 NCAC 57B .0606
Sponsor Reporting of Continuing Education Credit 21 NCAC 57B .0608
Renewal of Approval and Fees 21 NCAC 57B .0611

COMMUNITY COLLEGES, BOARD OF

The rules in Chapter 2 concern Community Colleges.

The rules in Subchapter 2C deal with the organization and operation of the colleges including trustees and colleges (.0100); personnel (.0200); students (.0300); libraries and learning resource centers (.0400); equipment (.0500); college evaluation (.0600); and civil rights (.0700).

Education Services for Minors 23 NCAC 02C .0305

The rules in Subchapter 2D cover the fiscal affairs of community colleges including salaries (.0100), student fees (.0200) and budgeting, accounting and fiscal management (.0300).

Limitations in Reporting Student Membership Hours 23 NCAC 02D .0325
Maintenance of Plant Flexibility 23 NCAC 02D .0329

The rules in Chapter 3 are from the Board of Community Colleges.
<table>
<thead>
<tr>
<th>Rule Description</th>
<th>Code</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions and Application for Initial License</td>
<td>23</td>
<td>NCAC 03A .0101</td>
</tr>
<tr>
<td>Amend/*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application for Renewal of License</td>
<td>23</td>
<td>NCAC 03A .0102</td>
</tr>
<tr>
<td>Amend/*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration of the Student Protection Fund</td>
<td>23</td>
<td>NCAC 03A .0116</td>
</tr>
<tr>
<td>Adopt/*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This Section contains the full text of some of the more significant Administrative Law Judge decisions along with an index to all recent contested cases decisions which are filed under North Carolina's Administrative Procedure Act. Copies of the decisions listed in the index and not published are available upon request for a minimal charge by contacting the Office of Administrative Hearings, (919) 431-3000. Also, the Contested Case Decisions are available on the Internet at http://www.ncoah.com/hearings.

OFFICE OF ADMINISTRATIVE HEARINGS

Chief Administrative Law Judge
JULIAN MANN, III

Senior Administrative Law Judge
FRED G. MORRISON JR.

ADMINISTRATIVE LAW JUDGES
Beecher R. Gray
Selina Brooks
Melissa Owens Lassiter
Don Overby
Randall May
A. B. Elkins II
Joe Webster

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>CASE NUMBER</th>
<th>ALJ</th>
<th>DATE</th>
<th>PUBLISHED DECISION REGISTER CITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALCOHOL BEVERAGE CONTROL COMMISSION</td>
<td>NC Alcoholic Beverage Control Commission v. Ciro Maya Maya, T/A Carolina Sports Arena</td>
<td>08 ABC 2411</td>
<td>Overby</td>
<td>06/29/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Abdur Suleh Ali d/b/a Harlam Mini Mart</td>
<td>08 ABC 2980</td>
<td>Overby</td>
<td>01/07/10</td>
</tr>
<tr>
<td></td>
<td>N.C. Alcoholic Beverage Control Commission v. Du Cong Phan T/A Good Food Market</td>
<td>09 ABC 0565</td>
<td>May</td>
<td>05/18/09</td>
</tr>
<tr>
<td></td>
<td>North Carolina Alcoholic Beverage Control Commission v. Mayra Leticia Rodriguez, T/A La Perla Del Pacifico</td>
<td>09 ABC 0975</td>
<td>Gray</td>
<td>07/28/09</td>
</tr>
<tr>
<td></td>
<td>N.C. Alcoholic Beverage Control Commission v. Roberta White Bridges T/A Christina Restaurant and Catering</td>
<td>09 ABC 1899</td>
<td>May</td>
<td>07/28/09</td>
</tr>
<tr>
<td></td>
<td>N.C. Alcoholic Beverage Control Commission v. Mobashar Hassan Chaudhary</td>
<td>09 ABC 3579</td>
<td>Gray</td>
<td>09/30/09</td>
</tr>
<tr>
<td></td>
<td>N.C. Alcoholic Beverage Control Commission v. Partnership T/A El Paraiso II</td>
<td>09 ABC 4171</td>
<td>May</td>
<td>02/16/10</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. La Tienda Mexican Corp. T/A Tienda La Unica</td>
<td>09 ABC 4379</td>
<td>Brooks</td>
<td>09/17/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Jose Elias Bautista T/A Bar Mexico Lindo</td>
<td>09 ABC 4680</td>
<td>May</td>
<td>12/30/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Uwem Eyo Eguan, T/A Sahara Restaurant and Lounge</td>
<td>09 ABC 4682</td>
<td>May</td>
<td>11/13/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. KAM Properties Inc. T/A Grays Creek Superette</td>
<td>09 ABC 4686</td>
<td>Gray</td>
<td>10/19/09</td>
</tr>
<tr>
<td></td>
<td>N.C. Alcoholic Beverage Control Commission v. Bee Nui Carson, T/A Big Boys Market</td>
<td>09 ABC 5209</td>
<td>Brooks</td>
<td>12/11/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Rimal Enterprise, Inc., T/A R B FoodMarket</td>
<td>09 ABC 5213</td>
<td>Brooks</td>
<td>12/11/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Alhobishi Convenience Stores &amp; Rentals, Inc T/A Happy Mart 4</td>
<td>09 ABC 5293</td>
<td>Lassiter</td>
<td>01/19/10</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Mike's Private Club, Inc., T/A EL Rincon Caliente</td>
<td>09 ABC 5423</td>
<td>Brooks</td>
<td>12/10/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Xuan Huong Thi Le T/A Billiards and Grill</td>
<td>09 ABC 5424</td>
<td>Brooks</td>
<td>12/10/09</td>
</tr>
<tr>
<td></td>
<td>NC Alcoholic Beverage Control Commission v. Yong Cha Kim, T/A Asian Odyssey</td>
<td>09 ABC 6412</td>
<td>Overby</td>
<td>02/12/10</td>
</tr>
</tbody>
</table>

BOARD OF COSMETIC ARTS EXAMINERS

Douglas Van Essen v. NC State Board of Cosmetic Arts Examiners | 09 BCA 2773 | Webster | 01/20/10 | 24:18 NCR 1638 |

CRIME VICTIMS COMPENSATION

Mary D. Malone v. State of North Carolina, Department of Crime Control, Victims Compensations Services | 08 CPS 2463 | Gray | 07/09/09 |
<p>| Tony Ray Ross v. North Carolina State Highway Patrol | 08 CPS 2546 | Overby | 10/06/09 |
| Ricky F. Smith v. Crime Control and Public Safety | 08 CPS 2582 | May | 08/06/09 |
| Robert Melvin v. Janice Carmichael, NC Crime Victim Compensation | 08 CPS 2634 | Elkins | 06/01/09 |
| B-Red Enterprises, Inc., Linda Parrish v. Secretary of Crime Control and Public Safety | 08 CPS 3043 | Webster | 06/23/09 |
| Apex PTO &amp; Trailer, Inc. Morris F. Purdy v. NC Dept. of Crime Control &amp; Public Safety, Division of State Highway Patrol, Carrier Enforcement Section | 09 CPS 0010 | Lassiter | 08/17/09 |
| Peggy Gulley, Gulley's Backhoe Service v. Crime Control and Public Safety | 09 CPS 0085 | Overby | 06/04/09 |
| Peter Thomas, Southeast Forest Works, LLC v. NC State Highway Patrol | 09 CPS 1257 | Gray | 05/19/09 |
| Allen Bender, AB's Gravel Driveways, LLC v. North Carolina State Highway Patrol, Motor Carrier | 09 CPS 1259 | Gray | 06/29/09 |</p>
<table>
<thead>
<tr>
<th>Case Title</th>
<th>Volume</th>
<th>Page</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruce E. Tyndall v. NC Dept. of Justice, Division of State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 1494</td>
<td>Webster</td>
<td>07/29/09</td>
</tr>
<tr>
<td>Ramdog Enterprises, LLC v. NC Highway Patrol, Troop G, District V and Captain F.T. Stout</td>
<td>09 CPS 1531</td>
<td>Brooks</td>
<td>01/13/10</td>
</tr>
<tr>
<td>Cape Romain Contractors, Inc., Andrew Dupre v. North Carolina Department of Crime Control and Public Safety, Division of State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 1599</td>
<td>Gray</td>
<td>07/02/09</td>
</tr>
<tr>
<td>John Emiliann, Jr., v. N.C. Division of Motor Vehicles</td>
<td>09 CPS 1604</td>
<td>Brooks</td>
<td>06/15/09</td>
</tr>
<tr>
<td>Clifton Artis v. Secretary of Crime Control and Public Safety</td>
<td>09 CPS 1732</td>
<td>Gray</td>
<td>10/26/09</td>
</tr>
<tr>
<td>Alexander Rybak v. NC DMV, State Highway Patrol</td>
<td>09 CPS 1834</td>
<td>Brooks</td>
<td>08/11/09</td>
</tr>
<tr>
<td>Shelby T. Wallace v. Motor Carrier Enforcement, NC State Highway Patrol</td>
<td>09 CPS 1840</td>
<td>Brooks</td>
<td>08/11/09</td>
</tr>
<tr>
<td>Wanda K. McNeill v. Crime Victims Compensation Commission</td>
<td>09 CPS 3873</td>
<td>Gray</td>
<td>02/05/10</td>
</tr>
<tr>
<td>Rowland L. Simmons v. North Carolina State Highway Patrol</td>
<td>09 CPS 2087</td>
<td>Brooks</td>
<td>05/19/09</td>
</tr>
<tr>
<td>Covenant Trucking Company, Inc. v. NC Dept. of Crime Control &amp; Public Safety</td>
<td>09 CPS 2361</td>
<td>Cella</td>
<td>08/11/09</td>
</tr>
<tr>
<td>SEKO-Charlotte, Inc. v. NC State Highway Patrol</td>
<td>09 CPS 2380</td>
<td>May</td>
<td>07/28/09</td>
</tr>
<tr>
<td>James Christian Laubach and the Auto Barn, Inc. v. NC State Highway Patrol</td>
<td>09 CPS 2385</td>
<td>Mann</td>
<td>07/28/09</td>
</tr>
<tr>
<td>Joseph Moseley v. NC State Highway Patrol</td>
<td>09 CPS 2390</td>
<td>Gray</td>
<td>12/22/09</td>
</tr>
<tr>
<td>George Allen Cook (Case #08-35780), v. N.C. Department of Crime Control and Public Safety, Victim Compensation Services Division</td>
<td>09 CPS 2391</td>
<td>May</td>
<td>07/29/09</td>
</tr>
<tr>
<td>Michael Davis v. NC Dept. of Crime Control and Public Safety</td>
<td>09 CPS 1531</td>
<td>Brooks</td>
<td>01/13/10</td>
</tr>
<tr>
<td>Alexander Rybak v. NC DMV, State Highway Patrol</td>
<td>09 CPS 1834</td>
<td>Brooks</td>
<td>08/11/09</td>
</tr>
<tr>
<td>George M. Gause v. NC Dept. of Crime Control and Public Safety, Division of State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 2551</td>
<td>Webster</td>
<td>09/30/09</td>
</tr>
<tr>
<td>Cynthia K. Shreve v. Victims Compensation Program</td>
<td>09 CPS 2404</td>
<td>May</td>
<td>06/23/09</td>
</tr>
<tr>
<td>Robert C. Bacon v. NC State Highway Patrol</td>
<td>09 CPS 2426</td>
<td>Gray</td>
<td>12/18/09</td>
</tr>
<tr>
<td>Allen Robinson v. NCHP</td>
<td>09 CPS 2449</td>
<td>Overby</td>
<td>06/17/09</td>
</tr>
<tr>
<td>Walter D. Cochran v. NC Dept. of Crime Control and Public Safety</td>
<td>09 CPS 2458</td>
<td>Cella</td>
<td>08/14/09</td>
</tr>
<tr>
<td>Gregory Vett Arnold v. NC State Highway Patrol</td>
<td>09 CPS 2509</td>
<td>Gray</td>
<td>08/25/09</td>
</tr>
<tr>
<td>Jeffrey A. Kennedy v. NC State Highway Patrol, Citation and Notice of Assessment</td>
<td>09 CPS 2511</td>
<td>May</td>
<td>07/09/09</td>
</tr>
<tr>
<td>Jennifer Elizabeth Bollinger v. NC Dept. of Crime Control &amp; Public Safety, Division of Victims Compensation Services</td>
<td>09 CPS 3765</td>
<td>Gray</td>
<td>10/07/09</td>
</tr>
<tr>
<td>Rowland L. Simmons v. North Carolina State Highway Patrol</td>
<td>09 CPS 2885</td>
<td>May</td>
<td>06/11/09</td>
</tr>
<tr>
<td>Derik Core v. NCHP</td>
<td>09 CPS 3500</td>
<td>Overby</td>
<td>07/29/09</td>
</tr>
<tr>
<td>Randy Stewart v. State Highway Patrol</td>
<td>09 CPS 3646</td>
<td>Brooks</td>
<td>10/09/09</td>
</tr>
<tr>
<td>Rachel Strickland v. NC Crime Victims Compensation Commission</td>
<td>09 CPS 3650</td>
<td>Brooks</td>
<td>10/09/09</td>
</tr>
<tr>
<td>D&amp;D Auto Transport, Jimmy Donald v. NC State Highway Patrol</td>
<td>09 CPS 3694</td>
<td>Cella</td>
<td>10/09/09</td>
</tr>
<tr>
<td>Goodfellas Auto Transport v. NC State Highway Patrol</td>
<td>09 CPS 3757</td>
<td>Gray</td>
<td>01/15/10</td>
</tr>
<tr>
<td>Jennifer Elizabeth Bollinger v. NC Dept. of Crime Control &amp; Public Safety, Division of Victims Compensation Services</td>
<td>09 CPS 3765</td>
<td>Gray</td>
<td>10/07/09</td>
</tr>
<tr>
<td>CL Hill Hauling, LLC, Christopher Hill v. NC Dept. of Crime Control and Public Safety, Division of State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 3784</td>
<td>Gray</td>
<td>09/08/09</td>
</tr>
<tr>
<td>KJ Logistics, LLC v. NC State Highway Patrol</td>
<td>09 CPS 3876</td>
<td>Gray</td>
<td>09/08/09</td>
</tr>
<tr>
<td>Jorge Rodriguez v. Secretary of Crime Control &amp; Public Safety</td>
<td>09 CPS 3921</td>
<td>Gray</td>
<td>09/10/09</td>
</tr>
<tr>
<td>TMC Transportation Inc. v. NC State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 3996</td>
<td>Lassiter</td>
<td>09/17/09</td>
</tr>
<tr>
<td>Antonio LeGrande v. Victim Compensation Service Division</td>
<td>09 CPS 4065</td>
<td>Lassiter</td>
<td>10/07/09</td>
</tr>
<tr>
<td>Andrew S. McJunkin v. NC Victim and Justice Services</td>
<td>09 CPS 4206</td>
<td>Brooks</td>
<td>10/07/09</td>
</tr>
<tr>
<td>Larry Williams NOLA Bus Tours Inc. v. Crime Control and Public Safety</td>
<td>09 CPS 4209</td>
<td>Elkins</td>
<td>03/01/10</td>
</tr>
<tr>
<td>Shirley Wilson v. State Highway Patrol</td>
<td>09 CPS 4332</td>
<td>Gray</td>
<td>10/07/09</td>
</tr>
<tr>
<td>Darryl Tyrone Davis, D&amp;G Excavating Services</td>
<td>09 CPS 4363</td>
<td>Gray</td>
<td>10/07/09</td>
</tr>
<tr>
<td>Ronald William Duke v. NC State Highway Patrol</td>
<td>09 CPS 4366</td>
<td>Lassiter</td>
<td>10/13/09</td>
</tr>
<tr>
<td>Robert D. Cooper v. NC State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 4434</td>
<td>Overby</td>
<td>03/01/10</td>
</tr>
<tr>
<td>Linda S. Johnson</td>
<td>09 CPS 4450</td>
<td>May</td>
<td>12/28/09</td>
</tr>
<tr>
<td>Triad Solutions, Inc., Gene Petty v. NC State Highway Patrol Motor Carrier Enforcement Division</td>
<td>09 CPS 4455</td>
<td>Brooks</td>
<td>12/28/09</td>
</tr>
<tr>
<td>Chrystal N. Clark v. NC Victims Compensation Commission v. Respondent</td>
<td>09 CPS 4451</td>
<td>Lassiter</td>
<td>10/15/09</td>
</tr>
<tr>
<td>Lowell Thomas Blue v. NC State Highway Patrol</td>
<td>09 CPS 4509</td>
<td>Gray</td>
<td>10/07/09</td>
</tr>
<tr>
<td>Lindsey Carol Bollinger v. NC Dept. of Crime Control &amp; Public Safety, Division of Victims Compensation Services</td>
<td>09 CPS 4514</td>
<td>May</td>
<td>09/27/09</td>
</tr>
<tr>
<td>Larry George Willoughby v. NC Department of Crime Control and Public Safety</td>
<td>09 CPS 4569</td>
<td>Gray</td>
<td>12/16/09</td>
</tr>
<tr>
<td>Michelle Kyong Woods v. Victim Compensation</td>
<td>09 CPS 4622</td>
<td>Overby</td>
<td>01/27/10</td>
</tr>
<tr>
<td>Palmetto Sealing Co., Inc. v. NC Secretary of Crime Control and Public Safety</td>
<td>09 CPS 4632</td>
<td>Gray</td>
<td>11/30/09</td>
</tr>
<tr>
<td>Eddy L. Cheek v. NC Dept. of Crime Control &amp; Public Safety, State Highway Patrol</td>
<td>09 CPS 4633</td>
<td>May</td>
<td>10/09/09</td>
</tr>
<tr>
<td>NOLA Bus Tours Inc., NC State Highway Patrol</td>
<td>09 CPS 4739</td>
<td>Elkins</td>
<td>03/01/10</td>
</tr>
<tr>
<td>Cot Malone v. NC State Highway Patrol</td>
<td>09 CPS 4741</td>
<td>Overby</td>
<td>01/27/10</td>
</tr>
<tr>
<td>Yurry Demyanchew v. RR Sheets, NC State Highway Patrol</td>
<td>09 CPS 4799</td>
<td>Lassiter</td>
<td>09/29/09</td>
</tr>
<tr>
<td>Piedmont Cheerwine Bottling Co. v. NC Dept. of Crime Control and Public Safety</td>
<td>09 CPS 4852</td>
<td>Brooks</td>
<td>11/09/09</td>
</tr>
<tr>
<td>Phillip J. Evans v. Highway Motor Carrier</td>
<td>09 CPS 4953</td>
<td>Overby</td>
<td>10/28/09</td>
</tr>
<tr>
<td>Jesse M Staton v. NC State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 4997</td>
<td>Overby</td>
<td>01/21/10</td>
</tr>
<tr>
<td>Poplar Ridge Lumber Company, Blaine J. Snyder, II v. NC State Highway Patrol</td>
<td>09 CPS 5089</td>
<td>Gray</td>
<td>02/16/10</td>
</tr>
<tr>
<td>Atlantic Construction Services, Inc., Frederick George Lempe II v. NC Dept. of Crime Control and Public Safety</td>
<td>09 CPS 5161</td>
<td>Lassiter</td>
<td>12/01/09</td>
</tr>
<tr>
<td>Juan Pablo Rivera Salinas Seal Agents Waterproofing v. NC State Highway Patrol</td>
<td>09 CPS 5385</td>
<td>Brooks</td>
<td>02/03/10</td>
</tr>
<tr>
<td>CMT Trucking Inc. Charles M. Tyson v. NC Dept. of Crime Control and Public Safety, Division of State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 5446</td>
<td>Gray</td>
<td>12/16/09</td>
</tr>
<tr>
<td>Palmetto Sealing Inc v. NC Secretary Crime Control and Public Safety</td>
<td>09 CPS 6169</td>
<td>Overby</td>
<td>01/27/10</td>
</tr>
<tr>
<td>Michael Davis v. NC Department of Crime Control and Public Safety, State Highway Patrol</td>
<td>09 CPS 6190</td>
<td>Gray</td>
<td>01/27/10</td>
</tr>
<tr>
<td>Gilberto Santiago v. NC Department of Crime Control and Public Safety, Division of State Highway Patrol, Motor Carrier Enforcement Section</td>
<td>09 CPS 6191</td>
<td>Gray</td>
<td>01/27/10</td>
</tr>
<tr>
<td>William Terry Ivey v. NC Hwy Patrol, Division of Motor Vehicles</td>
<td>09 CPS 6250</td>
<td>Elkins</td>
<td>02/26/10</td>
</tr>
</tbody>
</table>
CONTESTED CASE DECISIONS

Mack Padgett v. Crime Control and Public Safety 10 CPS 0107 Brooks 03/01/10

A list of Child Support Decisions may be obtained by accessing the OAH Website: [http://www.ncoah.com/hearings/decisions/](http://www.ncoah.com/hearings/decisions/)

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Henry Neese and Patricia Neese v. NC Department of Agriculture and Consumer Services 09 DAG 2899 Mann 11/25/09 24:18 NCR 1662

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Patricia L. Tiller v. NC Dept. of Health & Human Servs, Health Care Personnel Registry Sec 07 DHR 0302 Lassiter 07/14/09
Martha's Group Home, Inc. v. NCDHHS, Ms. Emeril Milliken, General Counsel 07 DHR 1714 Gray 02/24/10
Teresa S. Reid, Reid's Health Care v. DHHS, Division of Medical Assistance 08 DHR 0596 Elkins 01/21/10
Ely Enterprises, Inc., D/B/A A Home Away from Home v. DHHS 08 DHR 0906 Gray 02/22/10
Envisions of Life LLC v. Hearing Office – 05 Division of Medical Assistance 08 DHR 0967 Lassiter 07/01/09
Cynthia Curtis v. Department of Health and Human Services, Division of Health Service Regulation 08 DHR 1485 Brooks 05/07/09 24:07 NCR 408
MedExpress Pharmacy LTD. v. NC Dept. of Health and Human Services and NC Dept. of Administration 08 DHR 1566 Elkins 11/30/09

Lilith P. Brown v. Office of Administrative Hearings 08 DHR 1807 Morrison 08/13/09
Blue Ridge Healthcare Surgery Center-Morganton, LLC & Grace Hospital, Inc. v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section & Carolina Digestive Care, PLLC and HMB Properties, LLC 08 DHR 2216 Brooks 06/19/09 24:11 NCR 913
Bethlehem Center of Charlotte v. Child and Adult Care Food Program, Division of Public Health, NC Dept. of Health and Human Services 08 DHR 2284 Brooks 05/26/09
Edward A. Patterson v. Division of Child Development 08 DHR 2364 Webster 06/02/09
Choices Group Home Inc., Victor Vega v. N.C. Department of Health and Human Services 08 DHR 2404 Gray 07/16/09
MIKM, LLC d/b/a Pueblo Supermarket v. NC Dept. of Health and Human Services, Division of Public Health, Women and Children's Health Section 08 DHR 2443 Gray 09/03/09
Jasper Tyson v. Dept. of Health and Human Services, Division of Health Service Regulation, Health Care Personnel Registry 08 DHR 2444 May 05/21/09
Choices Group Home Inc, Victor Vega v. Office of Administrative Hearings, Department of Health and Human Services 08 DHR 2512 Gray 07/16/09
Pepper Dawn Kirk-McLendon Peppermint Daycare v. N.C Department of Health and Human Services, Division of Child Development 08 DHR 2571 Mann 07/07/09 24:07 NCR 416
Edward Royal, Dept. of Health and Human Services, Division of Health Service Regulation, Health Care Personnel Registry 08 DHR 2698 Overby 05/27/09
C. Vann Pierce, Executive Officer, Heritage Care of Rocky Mount, Licensee, License No. Hal-033-005 v. N.C DHHS, Division of Health Service Regulation, Adult Care Licensure Section 08 DHR 2732 Lassiter 11/03/09 24:16 NCR 1435

Abundant Life Child Care Center, Tiffany D. Monroe v. Division of Child Development, June Locklear, Brenda Faircloth 08 DHR 2954 Elkins 06/03/09
Outreach Home v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Mental Health Licensure and Certification Section 08 DHR 2981 Gray 09/17/09
L&J Group Homes, Inc. v. NC DHHS/Div. of Health Service Regulation, Mental Health 08 DHR 3108 Lassiter 10/06/09
Amy G. Potat v. Health Care Personnel Registry 08 DHR 3489 May 06/03/09
Freedom House Recovery Center, Inc. v. NC Division of Health Service Regulation 08 DHR 3674 Gray 10/13/09
Kathy Dunning Bright v. Health Care Personnel Registry 09 DHR 0057 Overby 08/04/09
Gaynelle Smith v. DHHS 09 DHR 0223 Overby 02/24/09
Marie Jagne v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Health Care Registry Section 09 DHR 0444 Lassiter 07/27/09
Brenda V. Patterson v. Division of Child Development 09 DHR 0667 Webster 06/02/09
Sonya C. Ragland, Joseph K. Ragland, Barbara Washington, and The Seed of Abraham Learning Center v. NC Dept. of Health and Human Services 09 DHR 1261 Gray 06/08/09
Sonya C. Ragland, Joseph K. Ragland, Barbara Washington, and The Seed of Abraham Learning Center v. NC Dept. of Health and Human Services 09 DHR 1262 Gray 06/08/09
Sonya C. Ragland, Joseph K. Ragland, Barbara Washington, and The Seed of Abraham Learning Center v. NC Dept. of Health and Human Services 09 DHR 1263 Gray 06/08/09
Sonya C. Ragland, Joseph K. Ragland, Barbara Washington, and The Seed of Abraham Learning Center v. NC Dept. of Health and Human Services 09 DHR 1264 Gray 06/08/09
Genesis Family Health Care Inc. c/o James Collins v. NC Dept. of Health and Human Services, Division of Medical Assistance 09 DHR 1413 Gray 08/18/09
Michael Parks Fresh Start Residential Services Inc. v. NC DHHS Division of Health Service Regulation Mental Health Licensure Certification 09 DHR 1474 Overby 06/17/09
Spring House Residential Facility v. N.C. Dept. of Health and Human Services DHSS MHLC 09 DHR 1482 May 06/19/09
Victoria Martin v. Surry County Dept of Health and Human Services AFDC/Work First 09 DHR 1533 May 06/04/09
Yolanda Portillo v. N.C. Department of Health and Human Services 09 DHR 1558 Webster 07/17/09
David E. Fonnes v. NC Dept. of Health and Human Services 09 DHR 1730 Overby 08/24/09
Regina T. Jones v. N.C. Department of Health and Human Services 09 DHR 1859 Webster 06/23/09
Sharay C. Vinson v. North Carolina Department of Health and Human Services, Division of Health Service Regulation 09 DHR 1884 Brooks 07/10/09
Rae'gan Smith v. NC Dept. of Health and Human Services 09 DHR 1974 Brooks 09/14/09
Cheathra Alston v. NC Dept. of Health and Human Services 09 DHR 1980 Elkins 08/06/09
Vickie Hovis Abernethy v. Third Party Recovery 09 DHR 1984 Brooks 08/24/09
Jason M. Paris (petitioner, Christine O. Jacobs (representing petitioner) v. N.C. Department of Health 09 DHR 2296 May 07/10/09

[24:18 NORTH CAROLINA REGISTER MARCH 15, 2010](http://www.ncoah.com/hearings/decisions/)

1632
<table>
<thead>
<tr>
<th>Case Title</th>
<th>DHR</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernice Taylor v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Health Care Personnel Registry</td>
<td>09 DHR 2297</td>
<td>May 08/07/09</td>
</tr>
<tr>
<td>Gerald A. Harper v. NC Dept. of Health and Human Services</td>
<td>09 DHR 2349</td>
<td>Gray 10/07/09</td>
</tr>
<tr>
<td>Contour Service, Inc., (MHL #090-101) v. Department of Health Services, Division of Health Service Regulation</td>
<td>09 DHR 2350</td>
<td>May 07/21/09</td>
</tr>
<tr>
<td>Community Alternative Resources, Inc. Wayne L. Burch and Michelle M. DOLPHUS v. Dept. of Health and Human Services</td>
<td>09 DHR 2456</td>
<td>May 08/28/09</td>
</tr>
<tr>
<td>Charlene M. Hatfield v. NC Dept. of Health and Human Services, Division of Health Service Regulation</td>
<td>09 DHR 2503</td>
<td>Gray 08/31/09</td>
</tr>
<tr>
<td>Helen Webb v. Department of Health and Human Dept. of Child Dept</td>
<td>09 DHR 2589</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Lanika Ortega v. North Carolina Department of Health and Human Services</td>
<td>09 DHR 2637</td>
<td>Lassiter 07/27/09</td>
</tr>
<tr>
<td>Ndeye Ngone Diene v. DHHS-Health Care Registry</td>
<td>09 DHR 2640</td>
<td>Webster 08/27/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. State Department of Social Services</td>
<td>09 DHR 2654</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. State Department of Social Services</td>
<td>09 DHR 2655</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Rose Boyd v. NC Dept. of Health and Human Services</td>
<td>09 DHR 2706</td>
<td>Brooks 08/17/09</td>
</tr>
<tr>
<td>John Okoroma v. Mecklenburg County Dept. of Social Services</td>
<td>09 DHR 2710</td>
<td>May 07/24/09</td>
</tr>
<tr>
<td>Angela Conner Tawes, Conner's Cape Hatteras Supermarket, Inc. North Carolina Department of Health and Human Services</td>
<td>09 DHR 2717</td>
<td>Gray 06/15/09</td>
</tr>
<tr>
<td>Melonie L. Keith, John David Keith v. Central Billing DHHS Controllers Office</td>
<td>09 DHR 2779</td>
<td>Webster 10/22/09</td>
</tr>
<tr>
<td>Sharon M. Hill v. NC Department of Health and Human Services</td>
<td>09 DHR 2809</td>
<td>Lassiter 07/27/09</td>
</tr>
<tr>
<td>Cipriano Mendez Chiquito v. NC Dept. of Health and Human Services, Division of Public Health</td>
<td>09 DHR 2824</td>
<td>May 08/12/09</td>
</tr>
<tr>
<td>Trinia E. McCorkle v. North Carolina Department of Health and Human Services</td>
<td>09 DHR 2829</td>
<td>Brooks 07/10/09</td>
</tr>
<tr>
<td>Kashina L. Davis v. North Carolina Department of Health and Human Services, Division of Health Service Regulation, Health Care Personnel Registry Section</td>
<td>09 DHR 2832</td>
<td>Gray 07/01/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. N.C. State Department of Social Services</td>
<td>09 DHR 2836</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Brenda Patterson v. Division of Child Development</td>
<td>09 DHR 2837</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Edward A. Patterson v. Division of Child Development</td>
<td>09 DHR 2838</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. Division of Child Development</td>
<td>09 DHR 2839</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Edward A. Patterson v. Division of Child Development</td>
<td>09 DHR 2841</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>John and Candice Danner v. NC Dept. of Health and Human Services</td>
<td>09 DHR 2936</td>
<td>Brooks 08/28/09</td>
</tr>
<tr>
<td>Rickie Annas v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Health Care Personnel Registry</td>
<td>09 DHR 2962</td>
<td>Brooks 08/10/09</td>
</tr>
<tr>
<td>Berta Spencer v. NC Dept. of Health and Human Services</td>
<td>09 DHR 3000</td>
<td>Cella 10/07/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. State Department of Social Services</td>
<td>09 DHR 3002</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. State Department of Social Services</td>
<td>09 DHR 3003</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. State Department of Social Services</td>
<td>09 DHR 3004</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Mary's House, Inc., MHL #041-248, Craig Thomas, Executive Director v. Emery Milliken, General Counsel, Department of Health and Human Services, Office of Legal Affairs</td>
<td>09 DHR 3008</td>
<td>Mann 07/22/09</td>
</tr>
<tr>
<td>Keshea Montgomery v. Randolph County Dept. of Health and Human Services</td>
<td>09 DHR 3012</td>
<td>Mann 08/27/09</td>
</tr>
<tr>
<td>Shawanda Ann Barnes V. Cherry Hospital</td>
<td>09 DHR 3076</td>
<td>Lassiter 09/28/09</td>
</tr>
<tr>
<td>St. Francis of Charlotte, Inc. Francis Ford Provider #83022329B and #83022329H v. NC Dept. of Health and Human Services, Div. of Medical Assistance</td>
<td>09 DHR 3101</td>
<td>Brooks 09/23/09</td>
</tr>
<tr>
<td>Edward A. Patterson v. Division of Child Development</td>
<td>09 DHR 3113</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Brenda V. Patterson v. Division of Child Development</td>
<td>09 DHR 3114</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Matta Inc. Peaceful Dominion, Isaac Matta, Div of Health Service Regulation, MH Licensure &amp; Certification</td>
<td>09 DHR 3761</td>
<td>Brooks 02/26/10</td>
</tr>
<tr>
<td>Ernest Hines v. Cherry Hospital</td>
<td>09 DHR 3266</td>
<td>Gray 09/17/09</td>
</tr>
<tr>
<td>Sandra Wright v. Division of Child Development</td>
<td>09 DHR 3434</td>
<td>Elkins 08/24/09</td>
</tr>
<tr>
<td>Carolyn Diane Ragin v. Health Care Personnel Registry</td>
<td>09 DHR 3502</td>
<td>Gray 08/31/09</td>
</tr>
<tr>
<td>Edward A. Patterson v. Division of Child Development</td>
<td>09 DHR 3503</td>
<td>Webster 07/17/09</td>
</tr>
<tr>
<td>Taneika Davis v. Theresa Freeman, HCPR Investigator, NC Dept. of Health and Human Services</td>
<td>09 DHR 3536</td>
<td>Elkins 10/01/09</td>
</tr>
<tr>
<td>Amanda L. Brewer v. DHHS</td>
<td>09 DHR 3541</td>
<td>Elkins 08/21/09</td>
</tr>
<tr>
<td>Kenneth and Kimberly Thomason v. NC Dept. of Health and Human Services</td>
<td>09 DHR 3592</td>
<td>Gray 10/08/09</td>
</tr>
<tr>
<td>Tommy G. Davis v. NC Dept. of Revenue</td>
<td>09 DHR 3647</td>
<td>Gray 09/02/09</td>
</tr>
<tr>
<td>Heather C. Briggs v. NC Dept. of Health and Human Services, Division of Health Service Regulation</td>
<td>09 DHR 3651</td>
<td>May 07/29/09</td>
</tr>
<tr>
<td>Dr. Ann Markiewicz, Gaston Memorial Hospital v. The Carolinas Center for Medical Excellence</td>
<td>09 DHR 3660</td>
<td>Webster 09/28/09</td>
</tr>
<tr>
<td>Julian E. Cameron, Jr. DDS v. NC Dept. of Health and Human Services, Division of Medical Assistance</td>
<td>09 DHR 3663</td>
<td>Gray 08/12/09</td>
</tr>
<tr>
<td>Katoria L. Davis v. Office of Administrative Hearings, Ms. Emory Edwards Milliken</td>
<td>09 DHR 3683</td>
<td>Elkins 10/08/09</td>
</tr>
<tr>
<td>Angel's Childcare, Treva Richardson v. Division of Child Development, Dept. of Health and Human Services</td>
<td>09 DHR 3688</td>
<td>Elkins 10/08/09</td>
</tr>
<tr>
<td>Brenda Fay Simmons v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Health Care Personnel Registry</td>
<td>09 DHR 3752</td>
<td>Brooks 08/12/09</td>
</tr>
<tr>
<td>Lloyd K. Howell v. NC Dept. of Health and Human Services</td>
<td>09 DHR 3756</td>
<td>Lasiter 09/14/09</td>
</tr>
<tr>
<td>Pamela Ann Hedgecock v. NC Dept. of Health and Human Services, Division of Health Service Regulation</td>
<td>09 DHR 3763</td>
<td>Brooks 10/30/09</td>
</tr>
<tr>
<td>TLC Adult Home, Sonja Hazelwood v. NC Dept. of Health and Human Services, Division of Health Service Regulation</td>
<td>09 DHR 3776</td>
<td>Gray 09/16/09</td>
</tr>
<tr>
<td>Lesia Hammonds DBA Sampson's Family Care Home v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Adult Care Licensure Section</td>
<td>09 DHR 3872</td>
<td>Gray 11/13/09</td>
</tr>
<tr>
<td>Alvester Miller, III v. NC Dept. of Health and Human Services</td>
<td>09 DHR 4003</td>
<td>Overby 10/26/09</td>
</tr>
<tr>
<td>Omnicare of Hickory, Jackie Knight</td>
<td>09 DHR 4069</td>
<td>Brooks 10/07/09</td>
</tr>
<tr>
<td>Charles D. Harris v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Adult Care Licensure Section</td>
<td>09 DHR 4107</td>
<td>Brooks 10/29/09</td>
</tr>
</tbody>
</table>
CONTESTED CASE DECISIONS

Health Care Personnel Registry Section

Robbie Wilson Community Service Eyvette L. Abbott v. Center Pointe Human Services 09 DHR 4169 Brooks 01/22/10
St. Mary’s Home Care Agency v. NC Dept. of Health and Human Services 09 DHR 4170 Gray 10/23/09
Higher Development, LLC Robert Waters v. Division of Medical Assistance 09 DHR 4235 Overby 10/15/09
Vickie Blair v. Office of Administrative Hearings 09 DHR 4236 May 09/27/09
Leilani Michelle Adames v. Linda Waugh, RN, BSN HCPR Investigator Health Care Personnel Registry Investigations

Elite Care Service, Inc. Barshinam Chapman Executive Director v. NCDHHS Division of Health Service Regulation 09 DHR 4311 Gray 10/19/09

Labrishia Keller v. Health Care Personnel Registry 09 DHR 4336 Lassiter 02/04/10
Rebecca Leigh Sadowski v. Dept. of Health and Human Services, Division of Health Service Registry 09 DHR 4362 May 08/26/09
Target Pharmacy v. NC Dept. of Health and Human Services 09 DHR 4397 May 10/05/09
Eric R. Washington v. Dept. of Health and Human Services 09 DHR 4399 May 10/01/09
Erica Moore v. Dept. of Health and Human Services, Division of Health Service Regulation 09 DHR 4429 Brooks 10/09/09
Vameta L. Deal v. North Carolina Health Care Services 09 DHR 4497 Brooks 10/16/09

Valley Hospital Medical Center v. NC Dept. of Health and Human Services, Division of Medical Assistance 09 DHR 4548 Overby 09/14/09

Anthony Hosea Wiseman v. Dept. of Health and Human Services, Division of Health Service Regulation, Mental Health Licensure and Certification Section

Robert Latasha Wilson v. DHHS 09 DHR 4687 Overby 12/02/09
Estate of Hattie Mae Johnson v. DHHS, Div of Medical Assistance 09 DHR 4689 May 12/08/09
Ward Life Outreach of Cape Fear v. Division of Health Service Regulation Health Care Personnel Registry 09 DHR 4711 Gray 11/18/09

A Positive Life, Inc. v. NC Dept. of Health and Human Services, Division of Health Service Regulation, Mental Health Licensure and Certification Section

James Phifer, Executor of the Estate of Sarah Geneva Phifer and Robert Wilford Phifer v. NC Dept. of Health and Human Services, Division of Medical Assistance 09 DHR 5063 Brooks 12/07/09

Sushila Shrestha v. Dept. of Health and Human Services, Division of Health Service Regulation 09 DHR 5087 Elkins 12/14/09
Charlene Gray v. Dept. of Health and Human Services 09 DHR 5154 Overby 11/04/09
Healthquest Pharmacy, Darin Cunningham v. DHHS 09 DHR 5226 Elkins 02/26/10
Brenda Faye Simmons v. NC Dept. of Health and Human Services, Division of Health Service Registration, Health Care Personnel Registry 09 DHR 5364 May 11/23/09

Victoria Darnette Edwards v. Dept. of Health and Human Services, Division of Health Service Regulation 09 DHR 5623 Brooks 12/11/09

Devon J. Artis v. NC Dept. of Health and Human Services, Health Care Personnel Registry Section 09 DHR 5677 May 11/16/09
Steven N. Leviner v. Health Care Personnel Register 09 DHR 5864 May 02/22/10
People Achieving Living Skill v. Div. of Health Service Regulation 09 DHR 6090 Elkins 02/26/10

DEPARTMENT OF ADMINISTRATION

Meherrin Indian Tribe, a/k/a Meherrin Tribe of North Carolina and Meherrin Tribe of North Carolina, a/k/a Meherrin Indian Tribe v. NC State Commission of Indian Affairs 08 DOA 2068 Morrison 06/15/09
Meherin Tribe of North Carolina by and through Douglas Patterson v. North Carolina Commission of Indian Affairs 09 DOA 2367 Morrison 06/15/09
Battlecot Productions, Inc., D/B/A Battlecot Marine v. East Carolina University and State of NC Dept. of Purchase and Contract 09 DOA 4788 Gray 10/08/09
NC Indian Cultural Center, Inc. v. NC State Commission of Indian Affairs 09 DOA 4809 Overby 11/19/09

DEPARTMENT OF CORRECTION

Rufus Thomas Blackwell, III, v. (N.C. Department of Correction) Department of Payroll & Overpayment Manager 09 DOC 1296 Overby 07/08/09
Robert Allen Sartori v. K Dufault, C. Bray WCI Mail Staff, Department of Correction 09 DOC 3121 Gray 07/01/09
Sebastian X. Moore v. Theodis Beck (NC Dept. of Correction) et al 09 DOC 4749 Webster 11/03/09
Charles W. Johnson v. Supt. David Mitchell and Mt. View Administrative Authority 09 DOC 4883 May 11/03/09

DEPARTMENT OF JUSTICE

Danny Earl Keel v. NC Criminal Justice Education and Training Standards Commission 07 DOJ 1711 Cella 07/30/09
Tamika Richardson v. North Carolina Sheriff's Education and Training Standards Commission 08 DOJ 2403 Elkins 05/07/09 24:07 NCR 437
Bruce A. White v. NC Sheriff's Education and Training Standards Commission 08 DOJ 2490 Brooks 08/14/09
Weston Samuels v. NC Dept. of Justice, Campus Police Program 08 DOJ 3312 Elkins 08/24/09
Jackie Marie Daniels v. N.C. Criminal Justice Education and Training Standards Commission 09 DOJ 0218 Elkins 07/24/09
Darlene Fure v. NC Criminal Justice Education and Training Standards Commission 09 DOJ 0466 Lassiter 07/22/09
Tyrone Scott v. North Carolina Private Protective Services Board 09 DOJ 0658 Gray 05/28/09
Ronald Wynn v. NC Criminal Justice Education and Training Standards Commission 09 DOJ 0949 Overby 07/15/09
Donald Koons, Jr. v. NC Criminal Justice Education and Training Standards Commission 09 DOJ 0956 Gray 07/27/09
Peggy Sue Shipp v. NC Criminal Justice Education and Training Standards Commission 09 DOJ 1178 Webster 08/18/09
Jaime Patrick Clayborne v. Department of Justice Company Police Program 09 DOJ 1949 Webster 05/27/09
Ross Patton Gilmore v. NC Alarm Systems Licensing Board 09 DOJ 2452 Morrison 06/04/09
William Marquis Davis v. North Carolina Private Protective Services Board 09 DOJ 2506 Morrison 06/04/09
William Marquis Davis v. North Carolina Private Protective Services Board 09 DOJ 2506 Morrison 06/04/09
CONTESTED CASE DECISIONS

John D. Dykes v. NC Dept. of Justice Company Police Program 09 DOJ 2639 May 06/18/09
Jimmie Ray Edmondson, Jr. v. NC Criminal Justice Education and Training Standards Commission 09 DOJ 2823 Lassiter 08/04/09
Edward A. Patterson v. Attorney General Office 09 DOJ 2840 Webster 07/17/09
Shonda Lavette Higgins v. NC Private Protective Services Board 09 DOJ 3009 Overby 08/13/09
Bobby Brown v. NC Private Protective Services Board 09 DOJ 3028 Webster 11/19/09
Timothy Mark Masters v. NC Alarm Systems Licensing Board 09 DOJ 3037 Morrison 09/14/09
Elisabeth Marie Lancaster v. NC Private Protective Services Board 09 DOJ 3189 Webster 11/13/09
Kenneth Gray Forcum v. NC Alarm Systems Licensing Board 09 DOJ 3300 Webster 11/12/09
Heath Dwayne Kinney v. NC Alarm Systems Licensing Board 09 DOJ 3301 Webster 11/12/09
Richard Lee Powers, Sr. and Richard Lee Powers, Jr. v. Private Protective Services Board 09 DOJ 3488 Morrison 12/15/09
Edward A. Patterson v. Attorney General Office 09 DOJ 4025 Webster 08/28/09
Edward A. Patterson v. Attorney General Office 09 DOJ 4108 Webster 08/28/09
Amanda Watson Whitaker v. NC Sheriffs' Education and Training Standards Commission 09 DOJ 4126 Overby 10/02/09
Walter Armand Bedard v. NC Sheriffs' Education and Training Standards Commission 09 DOJ 4127 Lassiter 11/05/09
Edward A. Patterson v. Attorney General's Office 09 DOJ 4146 Webster 08/28/09
Luther Daniel Stidham v. NC Criminal Justice Education and Training Standards Commission 09 DOJ 4219 May 10/01/09
Antonio Garcia v. NC Sheriffs' Education and Training Standards Commission 09 DOJ 4365 Gray 10/07/09
Clyde Devon Boger v. NC Sheriffs' Education and Training Standards Commission Re: Richard Squires 09 DOJ 4853 Lassiter 09/29/09
Melvin Downing, Triton Special Police Dept. v. Company Police Program 09 DOJ 5316 May 11/10/09

DEPARTMENT OF LABOR
Duane J. Thomas v. NC Dept. of Labor, NC Board of Funeral Service, Forest Lawn Mortuary 09 DOL 4348 May 11/02/09

DEPARTMENT OF TRANSPORTATION
Alvin J. Smith v. NC Div of Motor Vehicles, Driver Ass't Branch 09 DOT 2616 Brooks 06/09/09

DEPARTMENT OF STATE TREASURER
Queen N. Thompson v. NC Office of State Treasurer 05 DST 0037 Brooks 12/01/09
Donna F. Levi v. Department of State Treasurer 09 DST 0161 Gray 07/17/09
Hilda Harris Member ID: 1725605 v. Department of State Treasurer Retirement Systems Division 09 DST 1290 Overby 05/27/09
Queen N. Thompson v. NC Office of State Treasurer 09 DST 3682 Brooks 12/01/09
Linda Duane Stalvey v. NC Dept. of Treasury 09 DST 4073 May 11/09/09

EDUCATION, STATE BOARD OF
John R. Hall v. State Board of Education Licensee 08 EDC 1750 Brooks 07/09/09
John David Erwin v. NC Dept. of Public Instruction 08 EDC 1827 Brooks 05/27/09
Frederick Moore v. State Board of Education, Department of Public Instruction 08 EDC 3035 May 09/30/09 24:16 NCR 1448
Michelle Sara Rodriguez v. National Board Certification Appeals Panel/Division of Talent Management and Development 08 EDC 3219 Brooks 08/21/09
Courtney M. Sears, Petitioner v. Department of Public Instruction Licensure Section 08 EDC 3644 Morrison 06/08/09
Jennifer Satinsky v. North Carolina State Board of Education 08 EDC 3650 Morrison 06/05/09
Kenneth H. Leftwich v. June Atkinson, Superintendent of Public Instruction 08 EDC 3690 May 06/29/09
Lindsey Forde-Smith v. North Carolina State Board of Education 09 EDC 1848 Gray 07/09/09
Sandra Chesser v. State Board of Education 09 EDC 4435 May 10/01/09
Ashley Chrisep v. NC Dept. of Public Instruction 09 EDC 5160 Brooks 10/23/09

DEPT. OF ENVIRONMENT AND NATURAL RESOURCES
Robert Taylor, Grier Fleischauer, Sue Banik, and Carol Faley v. NC Dept. of Environment and Natural Resources, Division of Coastal Management and TP, Inc. 07 EHR 1705 Gray 06/19/09 24:11 NCR 881
The Town of Franklin Government of NC v. NC Dept. of Environment and Natural Resources, Division of Water Quality and Duke Energy Carolinas, LLC 07 EHR 2201 Brooks 09/24/09
The Jackson County Government of NC v. NC Dept. of Environment and Natural Resources, Division of Water Quality and Duke Energy Carolinas, LLC 08 EHR 0019 Brooks 09/24/09
Old Mill Forestry, LLC v. N.C. Department of Environment and Natural Resources, Division of Water Quality 08 EHR 1806 Lassiter 05/08/09
Friends of the RockyRiver, Inc v. N.C. DENR, Div. of Water Quality and Town of Siler City 08 HER 2474 Gray 09/28/09 24:16 NCR 1453
Cherokee County Health Department James Pantnman(managing member, Creek Ridge Holdings, LLC) v. N.C. Department of Environment and Natural Resources 08 EHR 2986 Gray 05/27/09
Olde Beau General Partnership v. NC Dept. of Environment and Natural Resources, Division of Land Resources 09 EHR 0122 Gray 08/18/09 24:11 NCR 983
Saint Gobain Containers, Inc. v. NC Dept. of Environment and Natural Resources, Division of Air Quality 09 EHR 1616 Overby 10/23/09
John C Campbell Folk School, John M Clarke, Bldgs & Ground Mgr v. NCDENR Public Water Supply Section 09 EHR 1852 Overby 06/03/09
Doug Jernigan v. NC Dept. of Environment and Natural Resources, Division of Air Quality 09 EHR 3118 Elkins 10/16/09
CONTESTED CASE DECISIONS

Appalachian Stove Fab, Inc., James Rice v. Western North Carolina Regional Air Quality Agency 09 EHR 3785 Gray 08/06/09
Woodfield Gardens Apartments, Loretta Sims, v. NC Dept. of Environment and Natural Resources, Division of Envir Health
Kyle D. Page v. NC Dept. of Environment and Natural Resources 09 EHR 4623 Gray 10/07/09
Town of Lilesville v. NCDENR/Public Water Supply Section 09 EHR 5286 May 12/05/09
Sidney Bruton, III v. NC Dept. of Environment and Natural Resources, Division of Air Quality 09 EHR 5351 Gray 11/05/09

BOARD OF EXAMINERS FOR ENGINEERS AND SURVEYORS
NC Board of Examiners for Engineers and Surveyors v. Mr. Michael J. Dykes, PE 09 ELS 2275 Webster 06/10/09
Linda R. Sharp v. NC Board of Examiners for Engineers and Surveyors 09 ELS 3268 Lassiter 09/01/09

DEPARTMENT OF INSURANCE
Gary L. Childers v. NC Teachers' and State Employees' Comprehensive Major Medical Plan 08 INS 2251 Brooks 06/18/09
John Randolph Ingram v. NC Teachers' and State Employees' Comprehensive Major Medical Plan 08 INS 2952 Gray 09/08/09
Elizabeth M. Bailey v. NC Teachers' and State Employees' Comprehensive Major Medical Plan 09 INS 0661 Lassiter 08/03/09
Erin Tapley v. Blue Cross Blue Shield 09 INS 2393 Gray 10/07/09
Lucy J. Lagmese v. NC State Health Plan 09 INS 2812 Brooks 08/14/09
David M. Jordan v. NC Teachers' and State Employees' Comprehensive Major Medical Plan 09 INS 3005 Cella 09/14/09
Barbara A Evans v. State Health Plan 09 INS 3067 Lassiter 07/27/09
Sandra Hunter v. BCBS of North Carolina 09 INS 3183 Lassiter 09/14/09
Patricia Sharp v. NC State Health Plan Blue Cross/Blue Shield 09 INS 3192 Gray 08/31/09

MISCELLANEOUS
Rodney Dale v. Judge Angela Hoyle 09 MIS 2704 May 06/09/09
Benjamin Pace v. Wake County Superior-District Court and Information Center 09 MIS 5188 Elkins 11/13/09

OFFICE OF STATE PERSONNEL
C.W. McAdams v. NC Dept. of Transportation 05 OSP 0626 Morrison 08/14/09
Wade Bryan Bulloch v. N.C. Department of Crime Control and Public Safety, N.C. Highway Patrol 05 OSP 1178 Gray 01/15/10 24:16 NCR 1394

Alvita C. Byers v. Elizabeth Cox, The office of Human Resources and The North Carolina School of the Arts 07 OSP 1514 Brooks 05/20/09 24:07 NCR 396
Edward Alan Roper v. Broughton Hospital, Dept. of Health and Human Services 07 OSP 2186 Brooks 05/18/09
Fatima Akhtar v. NC Dept of Commerce 08 OSP 0171 Gray 08/05/09
Julie Norris Watson v. NC DPI 08 OSP 0541 Brooks 05/22/09
Kathleen Hardiman v. NC Aquarium at Pine Knoll Shores, Jay Barnes, Director, James Lewis and Lonnie Burke 08 OSP 0868 Gray 11/10/09
Simon Camara v. NC Central University 08 OSP 1345 Lassiter 10/07/09
Janice F. Stokes v. NC Dept. of Correction, Division of Community Corrections 08 OSP 2150 Gray 11/16/09
Isaac T. Perkins v. NC Dept. of Corrections 08 OSP 2242 Overby 09/16/09 24:11 NCR 939
Sharon Annette Mercer v. N.C. Division of Motor Vehicles 08 OSP 2293 Webster 08/14/09 24:07 NCR 447
Jacqueline H. Davis v. NC Dept. of Correction 08 OSP 2342 Overby 08/19/09
Jody Lynn Hinson v. N.C. Department of Crime Control and Public Safety, N.C. Highway Patrol 08 OSP 2409 Overby 06/03/09
Tonya M. Jones v. NC Dept. of Health and Human Services 08 OSP 2418 Webster 06/12/09 24:11 NCR 955
Richard C. Foy v. NC Dept. of Insurance 08 OSP 2581 Gray 05/21/09
Denise Vee v. Cumberland County Department of Public Health 08 OSP 2955 Elkins 07/22/09 24:07 NCR 465
Darryll Williams v. NC Dept. of Health and Human Services, Murdoch Developmental Center 08 OSP 3661 Cella 09/18/09
Jerry Lewis Monroe, Sr. v. Fayetteville State University 09 OSP 0098 Gray 09/03/09
Annie L. Gadson v. NC A&T University 09 OSP 0261 May 09/11/09
David S. Nateman v. N.C. Department of Cultural Resources 09 OSP 1903 Webster 12/07/09 24:16 NCR 1477
Timothy Strong v. Central Regional Hospital, NC DHHS 09 OSP 2401 Elkins 05/27/09
Benjamin Hicks v. Central Regional Hospital, NC DHHS 09 OSP 2399 Elkins 05/27/09
Felicia D. McClain v. DENV/Soil & Water Conservation 09 OSP 2550 Webster 08/12/09
Ronald Gene Ezzell, Jr. v. NC State Highway Patrol 09 OSP 2588 Morrison 08/05/09 24:11 NCR 998
Thomas E. Freeman, Jr. v. NC DHHS/Central Regional Hospital And Whitaker School 09 OSP 2826 Webster 07/17/09
Cecil L. Glaze v. UNC Charlotte 09 OSP 2884 Mann 07/29/09
Vickye Williams Herring, NC Employment Security Commission 09 OSP 3501 Elkins 07/30/09
Hope C. Freeman v. Bladen County Department of, Social Services 09 OSP 3504 Elkins 07/24/09
Tiajuana Evans v. O'Berry Neuro-Medical Treatment Center 09 OSP 3533 Lassiter 08/31/09
Francisca Okafor v. NC Dept. of Health and Human Services 09 OSP 3533 Gray 09/30/09
Charles Nathan v. Robeson Co. DSS Foster Care Unit 09 OSP 3543 Elkins 10/08/09
Wilbert Riggan v. Scotland County Public Schools 09 OSP 3653 Elkins 10/05/09
Marcus Lamont Hill, Sr. v. Wayne Correctional Center 09 OSP 3790 Lassiter 09/18/09
Sarah M. Brake v. State Board of Elections 09 OSP 4061 Lassiter 10/06/09
Cynthia Bizzell v. Durham Public Schools 09 OSP 4070 Lassiter 08/24/09
Glenn Hodge v. NC Dept. of Transportation 09 OSP 4094 Lassiter 08/18/09
Randall S. Smith v. Carolina Copy c/o UNC at Chapel Hill 09 OSP 4109 Lassiter 08/31/09
Clifton Cox v. Caswell Center 09 OSP 4241 Overby 10/29/09
Virginia (Gin) Ivey Leggett v. Pathways LME 09 OSP 4498 Lassiter 08/31/09
Tina McMillian v. Employment Security Commission of NC 09 OSP 4568 Gray 11/20/09
Ruby H. Cox v. Tim Davis, Employment Security Commission 09 OSP 4774 Overby 10/05/09

24:18 NORTH CAROLINA REGISTER MARCH 15, 2010 1636
### CONTESTED CASE DECISIONS

<table>
<thead>
<tr>
<th>Case Description</th>
<th>Reference</th>
<th>Decision Date</th>
<th>DOcket Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argy R. Crowe v. Charlotte Mecklenburg Schools/UI</td>
<td>09 OSP 4786</td>
<td>10/20/09</td>
<td>Lassiter</td>
</tr>
<tr>
<td>Thomas E. Freeman, Jr. v. The people associated with NC Dept. of Health and Human Services and Whitaker School</td>
<td>09 OSP 4795</td>
<td>09/18/09</td>
<td>Overby</td>
</tr>
<tr>
<td>Harriette E. Smith v. UNC General Administration</td>
<td>09 OSP 5189</td>
<td>10/30/09</td>
<td>Elkins</td>
</tr>
<tr>
<td><em>OFFICE OF SECRETARY OF STATE</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sarah D. Larson v. N.C. Department of the Secretary of State</td>
<td>08 SOS 1200</td>
<td>06/04/09</td>
<td>Overby</td>
</tr>
<tr>
<td>Robert Lee Evans v. NC Office of Administrative Hearings</td>
<td>09 SOS 2300</td>
<td>06/03/09</td>
<td>Lassiter</td>
</tr>
<tr>
<td>Asali J. Howard v. North Carolina Department of The Secretary Of State</td>
<td>09 SOS 2707</td>
<td>07/16/09</td>
<td>May</td>
</tr>
<tr>
<td>Pamela Nickles v. Dept. of Secretary of NC State</td>
<td>09 SOS 3120</td>
<td>10/16/09</td>
<td>Brooks</td>
</tr>
<tr>
<td>Stanley Young v. The Notary Public Section</td>
<td>09 SOS 4001</td>
<td>09/18/09</td>
<td>Brooks</td>
</tr>
<tr>
<td>Jeremy Glen Blow v. NC Office of the Secretary of State</td>
<td>09 SOS 4245</td>
<td>09/14/09</td>
<td>Overby</td>
</tr>
<tr>
<td>Martha C. Graybeal v. NC Dept. of the Secretary of State Certification Filing Division</td>
<td>09 SOS 4273</td>
<td>10/07/09</td>
<td>Brooks</td>
</tr>
<tr>
<td>Brandi Alexis Meeker v. Dept. of the Secretary of State</td>
<td>09 SOS 4580</td>
<td>10/29/09</td>
<td>Overby</td>
</tr>
<tr>
<td>Diana King Barnes v. NC Dept. of the Secretary of State</td>
<td>09 SOS 4906</td>
<td>12/02/09</td>
<td>Gray</td>
</tr>
<tr>
<td><em>UNC HOSPITALS</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carlos A Perez-Sanchez v. UNC Hospitals</td>
<td>09 UNC 1294</td>
<td>06/03/09</td>
<td>Overby</td>
</tr>
<tr>
<td>Bobbie Perlow v. UNC Hospitals</td>
<td>09 UNC 1606</td>
<td>07/15/09</td>
<td>Brooks</td>
</tr>
<tr>
<td>Nicole Bryant v. UNC Hospitals</td>
<td>09 UNC 2022</td>
<td>06/16/09</td>
<td>Lassiter</td>
</tr>
<tr>
<td>Jennifer Thompson Stewart v. UNC Hospitals</td>
<td>09 UNC 2147</td>
<td>07/21/09</td>
<td>Mann</td>
</tr>
<tr>
<td>Cynthia K. Yelloch v. UNC Hospitals</td>
<td>09 UNC 2298</td>
<td>07/21/09</td>
<td>Mann</td>
</tr>
<tr>
<td>Jennifer Jacobs v. UNC Hospitals</td>
<td>09 UNC 2409</td>
<td>07/21/09</td>
<td>Mann</td>
</tr>
<tr>
<td>Ryan Rockey v. UNC Hospitals</td>
<td>09 UNC 2587</td>
<td>07/15/09</td>
<td>May</td>
</tr>
<tr>
<td>Mary Ann Strickland v. UNC Hospitals</td>
<td>09 UNC 2712</td>
<td>06/04/09</td>
<td>Overby</td>
</tr>
<tr>
<td>James Tyler Utt v. UNC Hospitals</td>
<td>09 UNC 2892</td>
<td>09/22/09</td>
<td>May</td>
</tr>
<tr>
<td>Alan Greene v. UNC Hospitals</td>
<td>09 UNC 2894</td>
<td>08/04/09</td>
<td>Overby</td>
</tr>
<tr>
<td>Angela M. Aldridge v. UNC Hospitals</td>
<td>09 UNC 3338</td>
<td>10/08/09</td>
<td>Elkins</td>
</tr>
<tr>
<td>Kathleen G. Finch v. UNC Hospitals</td>
<td>09 UNC 3418</td>
<td>08/31/09</td>
<td>Gray</td>
</tr>
<tr>
<td>R. Michael Pearson v. UNC Hospitals</td>
<td>09 UNC 3423</td>
<td>08/31/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Darice Witherspoon v. UNC Hospitals</td>
<td>09 UNC 3428</td>
<td>08/31/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Timothy H. Keck v. UNC Hospitals</td>
<td>09 UNC 3528</td>
<td>08/31/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Marion Munn v. UNC Hospitals</td>
<td>09 UNC 3531</td>
<td>08/31/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Cynthia D. Baker v. UNC Hospitals</td>
<td>09 UNC 3680</td>
<td>09/02/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Eilene Renee Alston v. UNC Hospitals</td>
<td>09 UNC 3926</td>
<td>08/31/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Karen E. Current v. UNC Hospitals</td>
<td>09 UNC 4019</td>
<td>09/08/09</td>
<td>Gray</td>
</tr>
<tr>
<td>John C. Presley v. UNC Hospitals</td>
<td>09 UNC 4020</td>
<td>07/21/09</td>
<td>Gray</td>
</tr>
<tr>
<td>Richard F. Shoe v. UNC Hospitals</td>
<td>09 UNC 4396</td>
<td>11/24/09</td>
<td>Elkins</td>
</tr>
<tr>
<td>Alberto Berri v. UNC Hospitals</td>
<td>09 UNC 4718</td>
<td>10/06/09</td>
<td>Overby</td>
</tr>
</tbody>
</table>
This contested case was commenced by the filing of a Petition for Contested Case Hearing on April 22, 2009, with Petitioner appealing the Respondent’s decision to terminate his employment as the Executive Director of the North Carolina Board of Cosmetic Art Examiners. It came on for hearing before Joe L. Webster, Administrative Law Judge, on August 26, 2009 and August 27, 2009, in Raleigh, North Carolina.

APPEARANCES

For Petitioner: Faith Herndon
15 East Main Street
Durham, NC 27701-3601

For Respondent: Grady L. Balentine, Jr.
Special Deputy Attorney General
9001 Mail Service Center
Raleigh, NC 27699-9001

ISSUE

Whether Respondent had just cause to dismiss Petitioner from the position of Executive Director?
EXHIBITS

Petitioners Exhibits 1 through 11 were admitted into evidence.

Respondents Exhibits 1 through 17 were admitted into evidence.

BASED UPON careful consideration of the sworn testimony of the witnesses presented at the hearing, the documents and exhibits received and admitted into evidence, and the entire record in this proceeding, the Undersigned makes the following findings of fact. In making the findings of fact, the Undersigned has weighed all the evidence and has assessed the credibility of the witnesses by taking into account the appropriate factors for judging credibility, including but not limited to the demeanor of the witness, any interest, bias, or prejudice the witness may have, the opportunity of the witness to see, hear, know or remember the facts or occurrences about which the witness testified, whether the testimony of the witness is reasonable, and whether the testimony is consistent with all other believable evidence in the case. Wherefore, the undersigned makes the following Findings of Fact, Conclusions of Law and Decision, which is tendered to the State Personnel Commission for a final decision.

FINDINGS OF FACT

1. Respondent North Carolina Board of Cosmetic Arts Examiners (hereinafter NCBCAE) is a State agency authorized under N.C. Gen. Stat. §88B-1 et seq. Respondent’s statutory purpose includes assuring clean and sanitary salons and safe services for consumers, including through salon inspections. Inspections of cosmetic arts shops protect the public by preventing the spread of disease. NCBCAE’s activities are governed by state regulation. See 14 NCAC 14F.0101 et seq; (T. Vol. 1, p. 193).

2. NCBAE is governed by a Board of Directors. The Board is authorized to administer
inspections and examinations, issue regulations, and take other acts regulating the practice of cosmetology. N.C. Gen. Stat. §88B-4. That authority includes hiring an Executive Director, who answers to the Board. The Respondent also has the authority to employ any additional personnel necessary to carry out the provisions of N.C. Gen. Stat. §88B-4(11). Under the statute, there is no requirement in the statute as to how inspections are performed, or how often, but regulations require inspections on an annual basis. (21 NCAC 14H .0105; T. Vol. 2, p. 401)

Historically, NCBCAE has hired salon inspectors who are assigned territories within the state and are responsible for conducting inspections within that territory. (T. Vol. 1, p. 19)

3. Petitioner Douglas Van Essen was employed by the Respondent as its Executive Secretary in 1996, a position which was subsequently designated Executive Director. (T. Vol. 2, pp. 394-396). The Petitioner was the ultimate supervisor for all personnel employed by the Respondent. (T. Vol. 2, p. 459)

4. At the time Petitioner Van Essen was hired, NCBCAE was facing significant organizational problems. (T. Vol. 2, p. 396). Petitioner made many improvements in NCBCAE operations, including improvements specific to the inspection process. (T. Vol. 2, pp. 396-399, 401-406)

5. Throughout Petitioner’s employment as Executive Director, salon inspections were performed by salon inspectors, who visited each salon in person. Inspectors were required to complete inspection reports showing each inspection date and results. When Petitioner was first hired, inspectors completed a paper inspection report, which sent to NCBCAE’s Raleigh office where data from it was entered in NCBCAE’s computer data base. (T. Vol. 1, pp. 23-26, 31-32)

Beginning in approximately 2006, Petitioner changed the salon inspection process so that
inspectors were issued laptops and entered inspection results directly into the NCBCAE database. The purpose of this change was to make the inspection process more efficient. (T. Vol. 1, pp. 33-36, 105, T. Vol. 2, p. 404). Petitioner was not a computer expert or cosmetologist, did not design the new program, and reasonably relied upon NCBCAE's two lead inspectors' recommendations to determine how to change the inspection process to allow reporting from laptops. (T. Vol. 1, pp. 107-108, 125-126, T. Vol. 2, pp. 401, 406). No lead inspector or other employee warned about any problem in the new procedure, recommended against it, or felt it needed to be changed at any point prior to Petitioner's termination in Fall 2008. (T. Vol. 1, pp. 108-109, 124-125, T. Vol. 2, p. 407).

6. The two lead inspectors directly supervised salon inspectors and met regularly with Petitioner to discuss performance. (T. Vol. 1, pp. 96, 101-104). Prior to January 2008, no lead inspector ever reported to Petitioner that salon inspectors were not completing their required annual inspections. (T. Vol. 2, p. 407). Only one problem surfaced regarding problems with a salon inspector falsifying inspection reports before 2008. The Office of the State Auditor communicated with Respondent on January 21, 2000 about an allegation it received through its hotline concerning an inspector employed by the Respondent. The complaint alleged the inspector had submitted inspection reports on a salon without actually visiting the salon, and that signatures on forms in areas designated for owner's signatures were not actually signed by the salon owner. (Resp. Ex. 1). That occurred in 1999, and involved an employee who worked for Respondent in the southeast region on the state. (T. pp. Vol. 1, 111, Vol. 2, p. 410). Salon owner signatures were required by office procedures and not by the law. (T pp. Vol. 12, pp. 411-412). Petitioner was made aware of the problem, ordered an investigation, and gave the
inspector a warning. Petitioner felt the inspections had occurred, but it was a significant clerical error. To insure that she didn’t do this again, the inspector’s supervisor paid closer attention to that employee after that point. (T. Vol. 2, p. 412).

7. The State Auditor expanded the review by selecting a sample of salons within the Inspector’s territory and reviewing past inspection records submitted to Respondent by this Inspector. The expanded review found four salons in which inspection information on posted grade certificates was not consistent with inspection records and that signatures on inspection records designated as salon owner’s signatures were not, in fact, the salon owner’s signature. (Resp. Ex. 1) The problem of falsified signatures did not recur thereafter and Petitioner was not disciplined or warned about the incident. (T. Vol. 1, p. 112, T. Vol. 2, p. 412)

8. The Petitioner, as Executive Director, responded to the State Auditor on behalf of the Respondent by memorandum dated February 1, 2000. In response to the original complaint, the Petitioner directed staff to reiterate proper inspection procedures and had provided additional inspection training. The Petitioner, in his response to the State Auditor, stated that both he and the individual inspector felt that past adverse actions would never happen again. (Resp. Ex. 2)

9. Before January 2008, there is no evidence Respondent had received any complaints that salon inspectors were falsifying inspection reports by saying they had completed inspections which had not been done. Petitioner and NCBCAE inspector supervisors all felt the annual inspection system was working. (T. Vol. pp. 123-126, T. Vol. 2, pp. 315-317, 428)


11. By August 2007 the NCBCAE Board developed concerns regarding Petitioner. Mitchell
testified that on August 15, 2007 he presented Petitioner with a “written warning of unsatisfactory job performance and unacceptable personal conduct.” (T. Vol. 1, p. 204; Resp. Ex. 4). The warning letter Mitchell alleged he presented to Petitioner mentioned issues relating to continuing education classes and travel. The alleged letter of warning however was not on letterhead and was not signed, and Petitioner testified he never received it. (T. Vol. 2, pp. 279-80, Vol. 2, pp. 415-16). The undersigned finds that Mitchell’s testimony is not reliable enough to establish that Petitioner was presented with a first written warning on this occasion.

12. The undersigned does find that in August 2007 Mitchell had a discussion with Petitioner regarding the two issues of continuing education and travel. Respondent asserted Petitioner was at fault for allowing NCBCAE employees to conduct continuing education classes; on the grounds this presented a conflict. However, the evidence was that the NCBCAE Curriculum Committee, of which Mitchell was chair, had authorized NCBCAE employees to do continuing education, and not Petitioner. (T. Vol. 1, pp. 276, 291-293, T. Vol. 2, p. 414). Respondent also asserted Petitioner was at fault in how he authorized travel for NCBCAE employees. There was no NCBCAE rule or procedure regarding travel, however. (T. Vol. 2, p. 381). Mitchell felt those issues were resolved after the August 2007 meeting with Petitioner. (T. Vol. 2, p. 279)

13. On August 20, 2007, the NCBCAE Board of Directors sent several letters to the Office of State Personnel (“OSP”) from NCBCAE Board members, listing various complaints against Petitioner. (Resp. Exs. 5-9; T, Vol. 1, pp. 209-210). None of these letters was shown to Petitioner, and NCBCAE did not raise the issues raised in the letters directly to Van Essen for many months. (T. Vol. 2, pp. 300, T. Vol. 2, pp. 416-417, 485). Several of the letters alleged Petitioner exhibited a disrespectful attitude in Board meetings, (Resp. Ex. 6), or disagreed with
Petitioner’s decision making. (Resp. Exs. 8, 9). The letters also contained complaints about the continuing education issue, (Resp. Exs. 5 and 9), which had already been resolved. (T. Vol. 2, p. 284). Because the letters of complaint are substantially based on the subjective opinions or perceptions of Board members who did not testify at the hearing, or contain hearsay reports or non-parties who did not testify at the hearing, the undersigned finds that the truth of the allegations in these letters has not been reliably substantiated and the undersigned gives little weight to these letters.

14. Also in fall of 2007, the NCBCAE offices were involved in renewing licenses for Salons. The license renewal process produced a heavy volume of telephone calls to the NCBCAE offices. (T. Vol. 2, p. 288). Mitchell received a written letter of complaint from a salon owner complaining about the phones. (Resp. Ex. 10). Mitchell did not immediately bring that problem to Petitioner’s attention.

15. On January 8, 2008, the NCBCAE Board of Directors issued a signed “Written Warning” for unsatisfactory job performance to Petitioner, who received this Written Warning. (T. Vol. 2, pp. 226, 296-297; Pet, Ex. 3; Resp. Ex. 11). The warning listed six items, four of which had taken place during the previous summer, and two of which had already been raised and resolved through the August 2007 discussion with Van Essen. (T. Vol. 2. pp. 278-79, 301, 303-306, 422-423). The Written Warning did not contain a statement that failure to correct could result in termination.

16. Also on January 8, 2008, Respondent’s Board placed Van Essen on a Performance Improvement Plan (“PIP”). (Resp. Ex. 12). The PIP required changes within thirty days. The evidence was undisputed that Petitioner satisfactorily dealt with the matters raised in the January

17. No other written warnings were given to Petitioner after the January 8, 2008 letter. (T. Vol. 2, p. 311). No warnings of any kind were ever given at any time regarding problems with salon inspections or reports. (T. Vol. 2, pp. 312, 315, 428)

18. In January 2008, a lead inspector received a complaint from a Mecklenburg County salon owner that her salon had not been receiving its annual inspections. (T. Vol. 1, p. 47-48). The two lead inspectors investigated, substantiated the complaint, and reported the problem to Petitioner. (T. Vol. 1, pp. 127, T. Vol. p. 429). Petitioner immediately met the Mecklenburg County inspector, provided her with a pre-disciplinary letter and discussed the matter. Petitioner then made the decision immediately to terminate the inspector for unacceptable personal conduct. (Pet. Ex. 8; T. Vol. 1, pp. 51-54). Petitioner directed a team of inspectors into the terminated inspector's territory and sent an email to all inspectors warning them against falsely reporting they had completed inspections reiterating the need for integrity and honesty. (T. Vol. 1, pp. 53-57, 129-130 and T. Vol. 2, pp. 429-32).

19. Ray Mitchell learned of the inspection falsifications in February 2008, discussed them with Petitioner, and approved of Petitioner's actions. Mitchell felt Petitioner had addressed the issue. (T. Vol. 1, p. 203, T. Vol. 2, pp. 318, 324). Mitchell felt it was an isolated incident. There was no testimony or other evidence that any NCBCAE employee or Board member was concerned that there was a more widespread problem of falsified salon inspections. (T. Vol. 1, pp. 204, T. Vol. 2, pp. 317, 324-25, 431, 435-6).

20. The two lead inspectors also recommended Petitioner implement a spot check program to insure all inspectors were doing their inspections. (T. Vol. 1, p. 58). Petitioner subsequently
directed lead inspector Terri Johnson to institute random spot checks of salons that were reported
as already having been inspected. (T. Vol. 2, pp. 433, 435). Ms. Johnson did not begin the spot
checks until approximately summer 2008, due to circumstances beyond Petitioner’s control,
consisting of a significant backlog in inspections and unusual turnover among inspectors. (T.
Vol. 2, pp. 433, 471). Ms. Wilder, who was both a lead inspector and Chief of Salon Operations,
did not recommend any additional action and also thought the Mecklenburg problem had been
unforeseeable and was an isolated incident. (T. Vol. 1, pp. 18, 132-3, T. Vol. 2, p. 436)
21. Throughout spring and summer 2008, the problems noted in the January 2008 Written
memo reproving him from permitting a NCBCAE employee to use a state vehicle to transport her
child, (Resp. Ex. 13), but that the memo was not an official disciplinary action by the Board. (T.
Vol. 2, p. 326). Also in spring 2008, Mitchell became concerned that Petitioner had handled
phone calls from a legislator poorly, (T. Vol. 2, pp. 327-8, 441), but Petitioner had not received
the messages and met with the legislator once he received the message. (T. Vol. 2, p. 439). No
oral or written warning was given to Petitioner about that issue. (T. Vol. 2, pp. 233, 352)
22. In July 2008 the NCBCAE Board re-wrote the Executive Director’s job description.
(Pet. Ex. 4). The principal changes involved increasing the Board’s oversight over Petitioner,
requiring him to notify and consult with the Board Chair on many issues and curtailing his
administrative authority. The changes were due to the fact the Board wanted more “input” and
remained dissatisfied with Petitioner, despite his compliance with the Performance Improvement
Plan. (T. Vol. 2, pp. 329-330, 444-5). Some Board members had a personality conflict with
Petitioner. (T. Vol. 2, pp. 330, 382, 483). As a result of the changes, Mitchell effectively
became "Co-Executive Director" in addition to being Board Chair. (T. Vol. 2, pp. 333-4, 379)

23. On about August 8, 2008, Ray Mitchell received a letter complaining that salon inspections in the New Bern territory had not been done for some time. (Resp. Ex. 3; T. Vol. 1, p. 195-6). While Mitchell normally would bring all complaints directly to Petitioner, instead he did his own inquiry. (T. Vol. 2, p. 316, 450). Mitchell then contacted OSP and requested an investigation. (T. Vol. 1, p. 199). The evidence was that several salons from the New Bern area had not been inspected annually and that the inspector had reported falsely that the inspections had been done. (T. Vol. 2, p. 349). No evidence was introduced as to how the reports were falsified.

24. Mitchell did not inform Petitioner about the New Bern inspection problem, or the actions he was taking. Mitchell testified that he was worried Petitioner might not have taken care of the problem or might have changed data or "made it disappear." Respondent offered no evidence to substantiate Mitchell's suspicions and the evidence showed Petitioner had known prior knowledge of or involvement in the New Bern problem. (T. Vol. 1, p. 200, T. Vol. 2, pp. 327, 345, 338-340).

25. On September 16, 2008, the NCBCAE Board placed Petitioner on paid investigatory leave effective September 15. (Resp. Exs. 14, 15). The leave was pending investigation of "information we have received concerning irregularities in the salon inspection process." The suspension was based on the January 2008 Mecklenburg incident and the August 2008 New Bern inspection problem.

26. During the OSP investigation, an NCBCAE Board member reported visiting a Mt. Airy salon that showed a last inspection date of 2006. The NCBCAE electronic records for that salon
showed a current inspection. (T. Vol. 1, pp. 135, 138). Mitchell reported this discovery to the OSP investigator but did not immediately order any investigation to confirm what had happened or how extensive a problem was involved. (T. Vol. 2, pp. 350, 343-44). Nonetheless, Mitchell then concluded “the problem of grade cards not being signed or dated is widespread.” (Resp. Ex. 16).

27. On October 3, 2008, OSP issued the results of its investigation. The report found that there were “discrepancies between dates in the BCAE database and those recorded on some grade cards in operational salons in the Charlotte and the eastern and western areas of North Carolina.” (Resp. Ex. 16, p. 5) She found, consistent with testimony summarized above, that the January 2008 incident had been a “concern to both the Salon Inspector Supervisor and the Executive Director,” and that the problem had been dealt with by dismissal of the Inspector, implementation of random follow up visits to recently inspected salons, and formation of a “clean-up” team for the Charlotte area. (Resp. Ex. 16, p. 5). The OSP report opined, “[o]nce Mr. Van Essen became aware that electronic record dates and dates on grade cards did not match, it would have been prudent for him to explore whether or not these practices were more extensive in spite of his desire to trust his employee. The Board must now determine if Mr. Van Essen’s response to the known discrepancies in electronic grade cards was a failure at the level of unsatisfactory work performance or grossly inefficient job performance.” (Resp. Ex. 16, p. 5)

28. On October 15, 2008, Respondent terminated Petitioner. (T. p. 244). Respondent’s termination letter identified Petitioner’s response to the January 2008 salon inspection problem as “inadequate and unacceptable” in that “an investigation of record keeping and the construction of a checking system for inspections should have been established immediately. Furthermore,
these concerns should have been discussed in supervisory meetings with inspectors and the Board Chair should have been directly informed of the inspector’s dismissal over record falsification.” (Resp. Ex.17, p. 1).

29. The termination letter also indicated the decision was based in part on the Board’s discovery of the New Bern and Mt. Airy problems: “The gravity of this situation and your inefficient response to it was further exacerbated when the Board discovered numerous salon inspection records in various areas of the state may have been falsified for over a year, and in some cases, several years.” (Resp. Ex. 17, p. 1). The letter concluded:

> These incidents have led the Board to believe that the problem of unsigned and undated grade cards is widespread. Failure to inspect salons in a timely manner to provide the citizens of North Carolina clean and safe service conditions in the state’s cosmetic arts shops is in violation of administrative code [sic] and can have serious, wide-ranging consequences to both employees and members of the public. . . . It was your responsibility to address this situation so that our customers (the salon operators) and the public receive the benefit of our services. Your failure to do so in a timely, effective and efficient manner represents gross inefficiency that this Board can no longer tolerate. Based on your lack of response to the many situations involving failure to inspect salons on an annual basis as set out above and to insure accurate recordkeeping regarding inspections, we are dismissing you from your position . . . .

(Resp. Ex. 17, p. 2; T pp. 244)

30. These incidents have led the Board to believe that the problem of unsigned and undated grade cards is widespread. Failure to inspect salons in a timely manner to provide the citizens of North Carolina clean and safe service conditions in the state’s cosmetic arts shops is in violation of administrative code [sic] and can have serious, wide-ranging consequences to both employees and members of the public. . . . It was your responsibility to address this situation so that our customers (the salon operators) and the public receive the benefit of our services. Your failure to do so in a timely, effective and efficient manner represents gross inefficiency that this Board can
no longer tolerate. Based on your lack of response to the many situations involving failure to inspect salons on an annual basis as set out above and to insure accurate recordkeeping regarding inspections, we are dismissing you from your position . . . (Resp. Ex.17, p. 2; T. Vol. 2, pp. 244-5, 247).

31. On October 16, 2008 Connie Wilder was made Acting Director of the NCBCAE. That same day Mitchell asked Ms. Wilder to investigate the Mt. Airy situation. (T. Vol. 1, pp. 61, 143). Ms. Wilder determined the Mt. Airy salon had not been inspected for approximately two years, and that some other salons within the territory also had not been inspected as reported. (T. Vol. 1, pp. 140-1). Three salons were affected. (T. Vol. 1, p. 143). No evidence was offered as to how that inspector had been able to falsify reports. Despite the inspection results, no immediate action was taken against the Mt. Airy Inspector. That inspector kept doing her job with no corrective action until mid-December 2008 at which time she was notified and terminated on the same day. (T. Vol. 1, pp. 147-8, T. Vol. 2, pp. 344-6; Pet. Ex. 1)

32. During November 2008 another lead inspector, Joyce Lippard, randomly investigated salons around the State. One additional inspector in the Hickory area was found to have falsified conducting a salon inspection. She was not terminated until February 2009. “More than one” salon was affected. (T. Vol. 1, pp. 149, 151, 155; Pet. Ex. 2)

33. There had been no previous indication that the New Bern, Hickory or Mt. Airy area inspectors were failing to do inspections. (T. Vol. 2, pp. 348-9). All had been good employees with good records, and none had received any previous warnings. While Wilder felt responsible as one of the immediate supervisors, she was promoted rather than disciplined. (T. Vol. 1, pp. 142, 150,167-8)
34. The evidence regarding the total number of salons for which annual inspections had not been performed was not clear. Mitchell was not sure of the total number in New Bern but believed it was five or six salons. He believed the total number in Mt. Airy was three to five, and in Charlotte he believed more than one salon was found not be have been inspected. The total number of salons he believed were affected was between nine and eleven. (T. Vol. 2, pp. 380, 384-6, 388). There are more than thirteen thousand salons in the State. (T. Vol. 2, p. 393). There was no evidence showing that any of the falsified inspection reports had taken place after January 2008. Mitchell felt the inspection problem was “widespread” because it involved salons in different parts of the State. (T. Vol. 2, p. 386)

35. When the salons that had missed annual inspections finally were inspected, none received any citations or had health or safety violations. (T. Vol. 1, p. 166) Historically, the most typical problems uncovered during annual salon inspections involve salons operating without licenses or with expired licenses. The most serious health problems found through salon inspections have been unsanitary foot spas. (T. Vol. 1, p. 165):

36. Petitioner’s conduct, as set forth above, does not constitute unsatisfactory job performance as specified in his job description, work plan, or as directed by the NCBCAE Board of Directors. With regard to the salon inspection problem, Petitioner made many improvements in salon inspections before 2008, and there is no indication that the Board had any dissatisfaction with the manner in which the salon inspection process was being implemented prior to that time. (T. Vol. 2, pp. 396-404). None of the Board complaints about Van Essen’s performance in 2007 and 2008 concerned inspections, no lead inspector indicated a concern about how the inspection process was working before 2008, and the Board did not direct that anything about the inspection

37. Once he became aware of the January 2008 problem, Petitioner took reasonable actions based on the circumstances known to him at all times, was not careless or negligent, and did not show lack of attention or diligence. Respondent through the NCBCAE Board of Directors was aware of the problem and the actions taken by Petitioner, and approved of those actions. (T. Vol. 2, p. 318). While Petitioner did not immediately implement the spot check program, the delay was a reasonable result of the back log of inspections and did not reflect a lack of diligence. (T. Vol. 2, pp. 487-493). Petitioner did not have reason to know of the New Bern, Mt. Airy or Hickory salon inspection problems before he was suspended from his job, (T. Vol. 2, p. 348), and could not have taken any action regarding those problems.

38. There is no evidence any of Petitioner's actions resulted in any loss of or damage to State property or funds. There is no evidence Petitioner's actions resulted in a potential for death or serious bodily injury to a member of the public. The evidence is not sufficient to establish that Petitioner's actions relating to the salon inspection program were causally related to the inspection problems that were uncovered in 2008. No inspector testified that the changes Petitioner implemented in the salon report system allowed them to falsify inspection reports, or that any other action taken by Petitioner led to the falsifications. There was no evidence that any of the problems with falsified inspection reports for New Bern, Mt. Airy or Hickory took place after Petitioner learned of the Mecklenburg County problem, and there is no evidence that if Petitioner had taken additional action after January 2008 it could or would have prevented any of the later-discovered falsified inspections. Further, the evidence does not show that the inspection
problem was widespread or that, as a result of the missed inspection, any salon affected was cited for sanitation problems. (T. Vol. 1, p. 166, T. Vol. 2, p. 386)

39. With regard to the other allegations bearing on unsatisfactory job performance, while Respondent disagreed with Petitioner’s decisions regarding staff travel, hiring a new employee without approval, access to office space by non-employees, and employment of Petitioner’s friends, Respondent did not have rules or standards proscribing such activities at the time Petitioner allowed them, so that Petitioner did not knowingly violate work standards as directed by the Respondent. Petitioner, when notified of these concerns, acted promptly to address the concerns. (T. Vol. 2, pp. 422-427, 477). Respondent’s Board, not Petitioner, was responsible for authorizing NCBCAE staff to conduct continuing education courses. (T. Vol. 2, pp. 291-293). While telephone problems occurred in fall 2007, those resulted from the license renewal process and were not within Petitioner’s control. (T. Vol. 2, p. 288). The problem in the spring of 2008 when the legislator’s calls were not immediately returned was due to Petitioner not receiving the messages as opposed to lack of diligence, (T. Vol. 2, p. 429), and also was not unsatisfactory job performance.

40. With respect to Respondent’s allegations that Petitioner had a harsh or difficult attitude, Respondent has failed to establish concrete examples of an inappropriate demeanor or attitude by Petitioner towards members of the NCBCAE Board and has not established anything more than a personality dispute between certain members of the Board and Petitioner.

41. The undersigned finds that Petitioner was terminated as a result of a personality dispute between members of the Board of Directors and Petitioner, and due to the Board’s desire to exercise greater control over the administration of the NCBCAE staff’s activities, and not due to
unsatisfactory job performance. Petitioner followed Respondent’s grievance procedures and obtained a recommendation that he be reinstated. (T. Vol. 2, p. 245-6; Pet. Ex. 6). After Respondent declined to reinstate him, (T. Vol. 2, p. 384), Petitioner filed his Petition for Contested Case in this matter. Several weeks before the hearing in this matter, during August 2009, several members of the NCBCAE Board sought an amendment to the law to amend N.C. Gen. Stat. §88B-6 to make the Executive Director position serve at the pleasure of the Board. (T. Vol. 2, pp. 365, 382). The Board members acted without authority from the full Board. (T. Vol. 2, p. 371). The change was sought due to the alleged problems with Petitioner. (T. Vol. 2, p. 383). Subsequently, H.B. 596, “An Act to Allow Licensed Barbers to Practice Barbering In a Client’s Home,” was passed, containing Section 2.2 which amended Section 88B-6(d) to read:

42. The salaries of all employees of the Board, excluding the executive director shall be subject to the State Personnel Act. The executive director shall serve at the pleasure of the Board. The legislation was signed by the Governor and went into effect on August 26, 2009, the first day of the hearing in this matter; (S.L. 209-471)

43. The undersigned finds as a fact and as a matter of law that it is speculative that Respondent would terminate Petitioner if he were reinstated in the future, since the composition of Respondent’s Board of Directors may change and circumstances may alter.

CONCLUSIONS OF LAW


Dismissal based on unsatisfactory job performance or grossly inefficient job performance constitutes "just cause." In cases of grossly inefficient job performance, employees may be dismissed without any prior disciplinary action. 25 NCAC II.0606(a).

3. In order to establish grossly inefficient job performance, Respondent must put forth evidence showing Petitioner's job performance was unsatisfactory and that such unsatisfactory performance resulted in (1) the creation of the potential for death or serious bodily injury to an employee(s) or to members of the public or to a person(s) over whom the employee has responsibility; or (2) the loss of or damage to state property or funds that result in a serious impact on the State or work unit. 25 NCAC II.1614(f); Donoghue v. N.C. Dept. of Corrections, 166 N.C. App. 612, 616, 603 S.E.2d 360, 363 (2004). Unsatisfactory job performance is work-related job performance that fails to satisfactorily meet job requirements as specified in the relevant job description, work plan, or as directed by the management of the work unit or agency. 25 NCAC II.1614(f). Respondent must show Petitioner failed to exercise "reasonable care, diligence and attention" under the circumstances. Walker v. N.C. Dept. of Human Resources, 100 N.C. App. 498, 504, 397 S.E.2d 350, 355 (1990). The undersigned finds as a matter of law that Petitioner's conduct does not amount to grossly inefficient job performance within the meaning of 25 N.C.A.C. 1K/0604 or any other statute or regulation.

4. Respondent has failed to meet its burden by a preponderance of the evidence to show Petitioner's actions at they related to salon inspection problems amounted to unsatisfactory job performance justifying his termination. Petitioner's conduct regarding salon inspections were reasonable under the circumstances and in light of what was known to the parties at the time, and met Respondent's expectations. Mitchell's approval of Petitioner's actions in particular is
significant evidence that Petitioner's handling of salon inspection issues was satisfactory to Respondent.

5. In addition, Respondent also has failed to meet its burden to establish a causal relationship between how Petitioner handled salon inspection issues and any potential death or serious bodily injury to members of the public, or loss of or damage to state property or funds. Respondent must do more than offer speculative evidence of causation and must establish some genuine risk of harm.

6. In order to establish unsatisfactory job performance based on matters in addition to the salon inspection problems, Respondent must show that Petitioner had a history of unsatisfactory job performance and that Respondent provided the requisite warnings prior to terminating Petitioner. Nix v. Department of Administration, 106 N.C. App. 644, 417 S.E.2d 823 (1992). Respondent, however, has failed to meet its burden to establish that the other problems alleged constitute unsatisfactory job performance. Further, Respondent failed to meet its due process obligation to provide two prior written warnings, one of which stated Petitioner was subject to termination, before notifying him of its intention to terminate him.

7. Respondent's complaints regarding Petitioner's attitude and demeanor are more properly treated as allegations of unacceptable personal conduct. "Unacceptable personal conduct" is defined as "(1) conduct for which no reasonable person should expect to receive prior warning; or (2) job-related conduct which constitutes a violation of state or federal law; or (3) conviction of a felony or an offense involving moral turpitude that is detrimental to or impacts the employee's service to the State; or (4) the willful violation of known or written work rules; or (5) conduct unbecoming a state employee that is detrimental to state service; or (6) the abuse of client(s),
patient(s), student(s) or a person(s) over whom the employee has charge or to whom the employee has a responsibility or an animal owned by the State; or (7) absence from work after all authorized leave credits and benefits have been exhausted; or (8) falsification of a state application or in other employment documentation.” 25 NCAC 1J .01614(i). Respondent has not established that Petitioner engaged in a serious level of misconduct that falls within any of these categories and that would warrant his termination. Dept. of Health and Natural Resources v. Carroll, 358 N.C. 649, 674, 599 S.E.2d 888, 904 (2004).

8. To the extent that Respondent terminated Petitioner because of a personality conflict with Petitioner, such a conflict does not amount to just cause for termination.

9. Statutes take effect the day of their enactment, absent a clear direction to the contrary. State v. Philip, Morris, 618 S.E.2d 219 (2005). S.L. 2009-471, amending Section 88B-6(d), does not contain an express provision making it effective before the date of its enactment. Accordingly, it must be interpreted as having an effective date of August 26, 2009.

10. Ordinarily, statutes are presumed to act prospectively only, unless it is clear that the legislature intended that the law be applied retroactively. Landgraf v. USI Film Products, Inc., 511 U.S. 244, 264 (1994); Fogleman v. D&J Equipment, 111 N.C. App. 228, 232, 431 S.E.2d 849, 851 (1993). The application of a statute is deemed retroactive when its operative effect is to alter the legal consequences of conduct or transactions completed prior to its enactment, or when it affects vested rights. Gardner v. Gardner, 300 N.C. 715, 718, 268 S.E.2d 468, 471 (1980); Wood v. J.P. Stevens & Co., 297 N.C. 636, 256 S.E.2d 692 (1979); 16B Am. Jur. 2d Constitutional Law § 690. A statute that makes substantive changes in rights, liabilities, causes of action or legal duties will not be interpreted to apply retroactively to transactions that have already
occurred, or causes of action that have already arisen, or rights that have already vested 16B Am. Jur. 2d Constitutional Law § 690.

11. S.L. 2009-471 effectively makes the Executive Director position exempt from the State Personnel Act as of August 26, 2009. Before S.L. 2009-471 was enacted, Petitioner had a vested property interest in his employment, Peace v. Employment Sec. Comm’n, 439 N.C. 315, 507 S.E.2d 242 (1998), enjoyed substantive rights to be terminated only for “just cause,” and, in the event of such a termination, to seek to recover back pay and reinstatement. N.C. Gen. Stat. §126-37. Applying S.L. 2009-471 to this pending claim would be contrary to the plain language of the statute, which is effective only as of August 26, 2009, and would be an impermissible retroactive application of the statute, since it would impair Petitioner’s vested rights and disturb the parties’ legal obligations in effect as of the time this claim arose. Landgraf v. USI Film Products, Inc., 511 U.S. at 283 (holding statute changing type of damages available to terminated employee cannot be interpreted to apply retroactively to pending claims). An application of S.L. 2009-471 by the Respondent to the facts of Petitioner’s case would amount to a violation of Petitioner’s constitutional rights to due process and fairness, and would as a matter of law deprive the Petitioner of property and substantially prejudice the Petitioner’s rights. Moreover, the application of S.L. 2009-471 to Petitioner by Respondent would be erroneous as a matter of law.

12. Petitioner is entitled to pursue his claim under the State Personnel Act and to seek all remedies that were previously available to him under the Act, including an award of back pay as well as other relief deemed appropriate, including reinstatement. Petitioner’s entitlement to back pay does not cease as of the date of enactment of S.L. 2009-471. Petitioner’s statutory right to reinstatement has not been rendered meaningless by the fact that the Executive Director is now
exempt from the State Personnel Act, in that Petitioner may be entitled to pursue remedies available under N.C. Gen. Stat. §126-5(e).

13. The undersigned further concludes the Office of Administrative Hearings has proper jurisdiction to hear this matter and that S.L. 2009-471 does not alter or remove OAH jurisdiction. N.C. Gen. Stat. §126-34.

14. Based upon the foregoing conclusions of law, the undersigned makes the following:

DECISION

Respondent's decision to discharge Petitioner should be reversed. Due to his unlawful termination, Respondent shall reinstate Petitioner to his position as Executive Director of the North Carolina Board of Cosmetic Arts Examiners. Respondent shall pay Petitioner back pay from the date of his termination on October 15, 2008 through the date he is reinstated to his position. Respondent further shall pay Petitioner in the amount of the value of his lost benefits from the date of his termination through the date of his reinstatement, and to restore to his years of service the period between October 15, 2008 and the date of his reinstatement. In event the Petitioner is reinstated and Respondent then chooses to terminate him from the Executive Director position, Petitioner shall be entitled to pursue all other remedies to which he would be normally due under N.C. Gen. Stat. §126-5(e), including the right to seek placement in an alternate position. Respondent shall pay Petitioner's attorneys fees and costs associated with this action.

ORDER

It is hereby ordered that the agency serve a copy of the final decision on the Office of
Administrative Hearings, 6714 Mail Service Center, Raleigh, N.C. 27699-6714, in accordance with North Carolina General Statute 150B-36(b).

NOTICE

The decision of the Administrative Law Judge in this contested case will be reviewed by the agency making the final decision according to the standards found in G.S. 150B-36(b)(b1) and (b2). The agency making the final decision is required to give each party an opportunity to file exceptions to the decision of the Administrative Law Judge and to present written argument to those in the agency who will make the final decision. G.S. 150B-36(a).

The agency that will make the final decision in this contested case is the N.C. State Board of Cosmetic Arts Examiners.

This 23rd day of January, 2010.

[Signature]

L. Webster
Administrative Law Judge
A copy of the foregoing was mailed to:

Faith Herndon
Law Office of Faith Herndon
115 E Main St
Durham, NC 27701
ATTORNEY FOR PETITIONER

Grady Ballentine
Special Deputy Attorney General
P. O. Box 629
Raleigh, NC 27602-0629
ATTORNEY FOR RESPONDENT

This the 20th day of January, 2010.

[Signature]

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STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

Henry Neese and Patricia Neese,

PETITIONERS,

v.

North Carolina Department of Agriculture and Consumer Services,

RESPONDENT.

ORDER OF SUMMARY JUDGMENT FOR PETITIONERS


APPEARANCES

Petitioners were represented by Gilbert J. Andia, Jr., Higgins Benjamin Eagles & Adams, PLLC. Respondent was represented by Barry H. Bloch, Assistant Attorney General, North Carolina Department of Justice. All parties were represented by counsel at the hearing on the motion.

STATEMENT OF THE CASE

This contested case involves the appeal of an assessment of a civil penalty against Petitioner for (1) failing to obtain inspection of animals prior to slaughter; (2) the inhumane slaughtering of animals; (3) prohibited slaughter except in compliance with the requirements; and (4) prohibited sale of misbranded and adulterated meat products in violation of North Carolina General Statute §§106-549.17 and 106-549.23.

UNDISPUTED FINDINGS

The following undisputed and uncontroverted findings were determined by affidavits,
exhibits, pleadings or otherwise established in the record:

1. On June 8, 2001, Petitioner Henry Neese signed an agreement to cease and desist from allowing the slaughter of livestock on his property by the general public.

2. Respondent's compliance officers reported that certain third parties were slaughtering animals on Petitioners' property on July 17, 2004 (the "2004 Violations").


4. On December 14, 2006, Respondent reported the improper burning of dead fowl on Petitioners' property. Respondent issued a Notice of Civil Penalty for these violations on December 18, 2006.

5. Petitioners contested both of these Civil Penalty Assessments by filing petitions with the North Carolina Office of Administrative Hearings (file number 06 DAG 1518 and 07 DAG 0402).

6. On July 5, 2007, Petitioners and Respondent entered into a written Settlement Agreement ("2007 Settlement Agreement"). This Settlement Agreement recites the parties' "desire[d] to fully and finally settle this and all other disputes and controversies ... in order to avoid the burden and expense of continued litigation."

7. Respondent's compliance officers inspected Petitioner's property on December 19 and 20, 2007 pursuant to paragraph #3 of the 2007 Settlement Agreement, and reported that certain third parties were slaughtering livestock on Petitioners' property in violation of N.C. Gen. Stat. §§ 106-549.17 and -549.23.

8. Respondent filed a Complaint against Petitioners in the Superior Court of Guilford County, North Carolina (case no 08 CVS 5431). The Complaint alleged violations of North Carolina law based on the events of December 19-20, 2007 and sought injunctive relief in the form of an order enjoining Petitioners from engaging in conduct that violated State law concerning unregistered animal slaughter facilities.

9. Petitioners and Respondent participated in Court-ordered mediation on October 9, 2008.

10. Petitioners and Respondent agreed to settle their dispute during mediation by amending, in writing, the 2007 Settlement Agreement. According to the First Amendment to Settlement Agreement, Petitioners and Respondent were agreeing to settle "in order to resolve issues between them that have arisen since entering into a formal binding Settlement Agreement [the 2007 Settlement Agreement]..." (Emphasis added). Further, the First Amendment to Settlement Agreement explained that the parties "desire[d] to fully and finally settle those new matters and all
other disputes and controversies... In order to avoid the burden and expense of continued litigation." (Emphasis added). The First Amendment to Settlement Agreement specifically provides for the enforcement of the terms of the 2007 Settlement Agreement.

11. Petitioners and Respondent signed the First Amendment to Settlement Agreement on or before December 19, 2008.


CONCLUSIONS OF LAW

1. The Office of Administrative Hearings has personal and subject matter jurisdiction of this contested case pursuant to Chapter 150B of the North Carolina General Statutes.

2. Rule 56(c) declares that summary judgment is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that any party is entitled to a judgment as a matter of law." N.C.Gen.Stat. § 1A-1, Rule 56(c); §150B-33(3a), §150B-36(d), and 26 N.C.A.C. 03 .0101(a).

3. The moving party (Petitioners) has the burden of showing (1) that it would be entitled to judgment from the evidence contained in the materials submitted; and (2) that there can be no other evidence from which a jury could reach a different conclusion as to a material fact (i.e. that there is no triable issue). Goode v. Tait, Inc., 36 N.C. App. 268, 243 S.E.2d 404 (1978).

4. The moving party must establish that all of the facts on all of the essential elements of its claim are in its favor, and that there is no genuine issue of material fact with respect to any one of the essential elements of his claim. An issue is "genuine" if it may be maintained by substantial evidence. An issue is "material" if the facts as alleged would constitute a legal defense, would affect the result of the action, or would prevent the party against whom it is resolved from prevailing in the action. First Commerce Bank v. Dockery, 171 N.C.App. 297, 300, 615 S.E.2d 314, 315-316 (2005).

6. In this case, the undisputed findings establish that there are no genuine issues of material fact and that Petitioners are entitled to judgment as a matter of law.

7. Respondent based its civil penalty on incidents that it discovered on or before December 19 and 20, 2007 and known to Respondent on and before December 19, 2008 at the time of the execution of the First Amended Settlement Agreement.

8. Prior to the assessment of any civil penalty for the December 19-20, 2007 incidents, on or about December 19, 2008, the Respondent entered into a First Amendment to Settlement Agreement with Petitioners ("First Amendment").


10. Thus, the First Amendment to Settlement Agreement, like any settlement agreement, is a contract and is to be interpreted as a contract.

11. When an agreement is in writing, and the language is plain and unambiguous, neither party can obtain an interpretation and result contrary to the express language of the agreement by an assertion that it does not express its intent. Fidelity and Casualty Co. of N.Y. v. Nello L. Teer Co., 250 N.C. 547, 550-551, 109 S.E.2d 171, 173 (1959) (citations omitted). "It must be presumed the parties intended what the language used clearly expresses, and the contract must be construed to mean what on its face it purports to mean." Hartford Accident & Indem. Co. v. Hood, 226 N.C. 706, 710, 40 S.E.2d 198, 201 (1946) (internal citations omitted).

12. The language of the First Amendment to Settlement Agreement is plain and unambiguous. By the very terms of the agreement, Petitioners and Respondent were fully and finally settling (a) issues that have arisen since entering into the original 2007 Settlement Agreement, (b) all other disputes and controversies and (c) in order to avoid the burden and expense of continued litigation.

13. The reported violations of December 19-20, 2007 are fairly considered as "issues" that arose after the 2007 Settlement Agreement. The reported violations of December 19-20, 2007 are also fairly considered "all other disputes and controversies" since those reported violations arose after the 2007 Settlement Agreement and were a subject of dispute between the parties.

14. The First Amendment to Settlement Agreement identifies that the parties desired to fully and finally settle certain issues in order to avoid the burden and expense of further litigation.
15. By the plain language of the agreement, the scope of the First Amendment to Settlement Agreement includes the reported violations of December 19-20, 2007. Because the reported violations are within the scope of the First Amendment, those matters were fully and finally settled and Respondent may not impose a civil penalty after the First Amendment had been fully negotiated and executed.

16. Respondent was aware of the alleged violations or the potential for alleged violations at the time that the First Amendment to Settlement Agreement was negotiated and signed by the parties. The settlement agreement is clear as to the discharge of disputes and the intent is expressed in the language employed by the parties. Petitioners have acted in conformity with the First Amendment to Settlement Agreement and the settlement agreement precludes any further action for the December 19-20, 2007 alleged violations.


18. N.C. Gen. Stat. §150B-2(2) defines contested case as “an administrative proceeding pursuant to this chapter to resolve a dispute between an agency and another person...” (Emphasis added) N.C. Gen. Stat. §150B-22 not only speaks to the statutory prerequisites of settlement resolution of disputes (emphasis added) but articulates a far greater directive, other than a mere statutory directive, when the General Assembly articulates the state’s public policy favoring settlements as follows: “It is the policy of this State (emphasis added) that any dispute (emphasis added) between an agency and another person that involves the person’s rights, duties, or privileges, including licensing or the levy of a monetary penalty, should be settled (emphasis added) through informal procedures.” In addition to the construction of the term “dispute,” the term “controversies,” a term of equal or broader application, adds additional support for the conclusion that the events of December 19 and 20, 2007 were settled and discharged in the first Amended Settlement Agreement in December, 2008. The state’s strong public policy favoring settlements, articulated by both the judicial branch in appellate decisions and by the legislative branch in a specific statutory directive, leads to a construction of the terms employed in the instant case that favors the accomplishment of this policy in this administrative law context.

19. Thus, the undersigned concludes as a matter of law that when the parties in a contractual settlement agreement utilize language “to fully and finally settle ... all other disputes and controversies” (emphasis added) this language is unambiguous and clearly articulates the intent to discharge all disputes, including both pre and post contested case claims as that term (dispute) is employed in North Carolina Administrative Procedures Act and in accord with the public policy of this state. This language encompasses a contested case filed over 15 months after the investigation is concluded and clearly within Respondent’s knowledge at the time of the settlement agreement. [ See
Robert H. Hardin, Jr., v. KCS International, NC d/b/a Cruisers Yachts ___ N.C. App. ___, ___, S.E. 2d. (2009) (holding that even a fraud regarding the subject matter learned after the signing of the settlement agreement is barred).]

DECISION

Based on the foregoing Findings and Conclusions of Law, the undersigned hereby GRANTS Summary Judgment in favor of Petitioners and Respondent is barred from assessing a forty thousand dollar ($40,000) civil penalty claim against Petitioners in accordance with the rationale above.

NOTICE AND ORDER

The undersigned is authorized to make this decision under N.C. Gen. Stat. § 150B-36(d). The North Carolina Department of Agriculture and Consumer Services will make the Final Decision in this contested case under the provisions of N.C. Gen. Stat. § 150B-36(a) and (d). Before the agency makes a Final Decision in this case, the agency is required to give each party an opportunity to file exceptions to the decision and to present written argument to those in the agency who will make the final decision. N.C. Gen. Stat. G.S. 150B-36(a). Unless required for disposition of an ex parte matter authorized by law, neither the administrative law judge assigned to a contested case nor a member or employee of the agency making a final decision in the case may communicate, directly or indirectly, in connection with any issue of fact, or question of law, with any person or party or his representative, except on notice and opportunity for all parties to participate. The agency shall serve a copy of its Final Decision on each party, on each party's attorney of record, and to the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, NC 27699-6714.

This the 25th day of November, 2009.

[Signature]
Julian Mann III
Chief, Administrative Law Judge
A copy of the foregoing was mailed to:

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ATTORNEY FOR RESPONDENT

This the 20th day of November, 2009.

[Signature]
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