

**Transcript of Town Attorney Grady Richardson's Oral Report  
Special Meeting Oct 29, 2019**

**Transcript begins at approximately the 8:37 mark on the recording and runs through 13:15.**

"I am not going to talk about the legal advice, legal recommendations that Jennifer and I provided to the Board in closed Session. What I am prepared to do is give a summary of our Firm's efforts relative to the agenda items 2a and 2b, without revealing attorney-client privilege. I'm prepared to do that now. At the last meeting there was a... Mayor Holden disclosed an 'anonymous' letter he had received dated Sep 26, 2019, concerning the Town's Auditors Rives & Associates. Following that letter, my firm undertook to review the allegations in the letter with Rives. And what I am prepared to say is this:

Everyone in our country is entitled to Due Process. Everyone. Under the State Constitution and the Federal Government Constitution.

There has been no finding that we have come across of any 'guilt of fraud' against Rives & Associates by PCTel or otherwise.

We have found that there were three lawsuits – civil lawsuits, not criminal complaints taken out by law enforcement – three lawsuits, two of which from many years ago – around 2012. The two previous lawsuits were settled out of court. I can best sum those lawsuits up in public record as partner disputes – former partners leaving, having disputes. The terms of the settlements are confidential. I do not know the details of the settlement.

One lawsuit, which we refer to as the Potts case, is pending in N.C. Business Court. There have been no ... and that's a civil case ... it's on for trial in December. And at that point in time, whenever the judge or the jury return with a verdict on the claims that are pending for trial, will be the verdict. And it's going to be a civil verdict.

Um, in none of the lawsuits that I have just mentioned, the two previously settled and the one that's pending in Business Court, none of those involve, that we can see, Jay Sharpe. As you know, Mr. Sharpe is the Auditor in charge of the Town's audit efforts and Mr. Sharpe sent me an email that confirms all of this, that he's the lead Partner on the Audit and no other partners at Rives & Associates are involved in the talk of the Town's audit engagement. And, basically, lets it be known, as we have also verified, there's been no civil judgments that Rives & Associates is the recipient of, criminal judgments or convictions that we have come across with Rives & Associates and probably most ... oh, I don't want to say it ...

We also looked at the N.C. State Board of CPA Examiners and there's been no punishment or disciplinary proceedings or findings of any wrongdoing or deficiencies against Rives & Associates as I report to you today. Everything I've said so far as of today, based on our efforts, is factual, from what we've seen and found on the record.

I'll also report that in looking at Rives & Associates, they do do a lot of work for other municipalities and school boards etc. The attorney for Rives & Associates, Frederick Sharpless, sent a letter October 25<sup>th</sup> addressing the three lawsuits and confirming what we have independently confirmed. Two were settled and one is still pending."