

Introduced: 6/26/83  
Referred: Labor and Commerce

1 IN THE SENATE

BY FAHRENKAMP

2

SENATE BILL NO. 318

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the practice of public account-  
7 ing; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 08.01.090 is amended to read:

10 Sec. 08.01.090. APPLICABILITY OF THE ADMINISTRATIVE PROCEDURE  
11 ACT. Unless otherwise provided, the [THE] Administrative Procedure  
12 Act (AS 44.62) applies to regulations adopted and proceedings held  
13 under this chapter. The Administrative Procedure Act does not apply  
14 to proceedings held [, EXCEPT THOSE] under AS 08.01.087(b).

15 \* Sec. 2. AS 08.03.010(c)(17) is amended to read:

16 (17) Board of Public Accountancy (AS 08.04.010) -- June 30,  
17 1985 [1984].

18 \* Sec. 3. AS 08.04.020 is amended to read:

19 Sec. 08.04.020. APPOINTMENT AND QUALIFICATIONS OF BOARD. The  
20 board consists of seven members [APPOINTED BY THE GOVERNOR. EACH  
21 MEMBER SHALL BE A RESIDENT OF THIS STATE FOR AT LEAST ONE YEAR]. Five  
22 members shall be certified public accountants, three of whom shall  
23 have permits under AS 08.04.375 and be engaged in the public practice  
24 of public accounting. Two [OR PUBLIC ACCOUNTANTS AND TWO] members  
25 shall be public members [IN ACCORDANCE WITH AS 08.01.025. EXCEPT FOR  
26 PUBLIC MEMBERS, NO ONE MAY BE APPOINTED WHO DOES NOT HOLD A CURRENT  
27 CERTIFICATE OR LICENSE AND WHO IS NOT ELIGIBLE TO RECEIVE PERMITS  
28 UNDER THIS CHAPTER. PUBLIC MEMBERS MAY NOT BE EMPLOYED BY A PERSON  
29 LICENSED UNDER THIS CHAPTER OR BY A BUSINESS ENTITY HOLDING A PERMIT

1 UNDER THIS CHAPTER].

2 \* Sec. 4. AS 08.04.030 is amended to read:

3 Sec. 08.04.030. REMOVAL AND REAPPOINTMENT OF MEMBERS. The  
4 governor shall remove from the board a [ANY] member [OF THE BOARD]  
5 whose certificate[, LICENSE] or permit has been revoked or suspended.  
6 The governor may, after hearing, remove a [ANY] member for neglect of  
7 duty or other just cause. A [NO] person who has served two successive  
8 complete terms may not be reappointed to the board [UNTIL ONE YEAR  
9 FROM THE EXPIRATION OF THE TERM TO WHICH APPOINTED].

10 \* Sec. 5. AS 08.04.040 is amended to read:

11 Sec. 08.04.040. TERM OF OFFICE. The term of office for each  
12 member of the board is three years. A vacancy shall be filled by  
13 appointment for the unexpired term [AND ALL VACANCIES SHALL BE FILLED  
14 WITHIN 60 DAYS]. After the expiration of a member's term of office  
15 the [A] member continues to serve until a successor is appointed and  
16 qualifies [, FORMALLY ADVISES THE BOARD OF ACCEPTANCE OF THE APPOINT-  
17 MENT, AND APPEARS AT THE NEXT MEETING OF THE BOARD].

18 \* Sec. 6. AS 08.04.070(a) is amended to read:

19 (a) The board shall elect annually from its members a chairman,  
20 [PRESIDING OFFICER, A] secretary and [A] treasurer. [ONE PERSON MAY  
21 HOLD THE OFFICES OF SECRETARY AND TREASURER.]

22 \* Sec. 7. AS 08.04.070(b) is amended to read:

23 (b) The board may adopt [AND AMEND] regulations for the orderly  
24 conduct of its affairs and for the administration of this chapter  
25 including regulations for

26 (1) the conduct of matters before the board;

27 (2) professional conduct of certified public accountants;

28 (3) partnerships and corporations that practice public  
29 accounting, including regulations relating to the use of names and

1 titles, affiliations with other organizations, reasonable requirements  
2 for unimpaired capital, and professional liability insurance.

3 \* Sec. 8. AS 08.04.070(g) is repealed and reenacted to read:

4 (g) The board shall submit an annual report to the governor  
5 containing budget information, a cumulative listing of all certified  
6 public accountants holding a permit to practice under this chapter and  
7 offices registered under this chapter, and other information the board  
8 considers useful. A copy of the annual report shall be made available  
9 to any person on request.

10 \* Sec. 9. AS 08.04.080 is amended to read:

11 Sec. 08.04.080. NOTICE OF PROPOSED REGULATIONS AND AMENDMENTS  
12 [ADOPTION OF RULES. THE BOARD MAY ADOPT RULES OF PROFESSIONAL CONDUCT  
13 TO ESTABLISH AND MAINTAIN A HIGH STANDARD OF INTEGRITY AND DIGNITY IN  
14 THE PROFESSION OF PUBLIC ACCOUNTANCY]. At least 90 [60] days before  
15 [PRIOR TO] the adoption of a regulation [ANY RULE] or amendment of a  
16 regulation the board shall mail copies of the proposed regulation  
17 [RULE] or amendment together with a notice of its proposed effective  
18 date to each public accountant certified under this chapter. The  
19 notice shall request advisory comments to be submitted at least 45  
20 days before the proposed effective date [BY CERTIFIED MAIL, WITH  
21 RETURN RECEIPT REQUESTED, TO EACH HOLDER OF A PERMIT ISSUED UNDER THIS  
22 CHAPTER TO THE ADDRESS OF THE PERMIT HOLDER LAST KNOWN TO THE BOARD].

23 \* Sec. 10. AS 08.04.100 is amended to read:

24 Sec. 08.04.100. CERTIFICATION [CERTIFICATE GRANTED]. (a) The  
25 certificate of "Certified Public Accountant" shall be granted by the  
26 board to a [ANY] person who

27 (1) is of good character;

28 (2) has a baccalaureate degree in accounting or its equiva-  
29 lent conferred by a college or university acceptable to the board;

1           (3) has attained in this or another state a minimum grade  
2 of 75 on each part of the uniform certified public accountants exam-  
3 ination; and

4           (4) has passed in this or another state the ethics examina-  
5 tion administered by the American Institute of Certified Public Ac-  
6 counts.

7           (b) The board may waive the requirement under (a)(1) of this  
8 section if it determines that the educational qualifications of an  
9 applicant are an acceptable substitute [MEETS THE REQUIREMENTS OF  
10 AS 08.04.110 - 08.04.130].

11 \* Sec. 11. AS 08.04.130 is repealed and reenacted to read:

12           Sec. 08.04.130. EXAMINATION. (a) An examination that satisfies  
13 requirements under AS 08.04.100(a)(3) and (4) shall be held as often  
14 as the board determines desirable and at least twice each year.

15           (b) Upon filing an application and paying required fees, a  
16 person is eligible to take the examination under this section if the  
17 person meets the requirement under AS 08.04.100(a)(1) and

18                 (1) the person meets the requirement under AS 08.04.-  
19 100(a)(2);

20                 (2) the requirement under AS 08.04.100(a)(2) has been  
21 waived for that person; or

22                 (3) the person expects to meet the requirement under  
23 AS 08.04.100(a)(2) within 120 days after the examination.

24           (c) An applicant qualified to take the examination under (b)(3)  
25 of this section may not receive credit for the examination or for any  
26 part of the examination unless the applicant meets the requirement  
27 under AS 08.04.100(a)(2) within 120 days after the examination or the  
28 applicant is granted an extension of time for meeting the requirement  
29 by the board and the applicant meets the requirement within that time.

1 \* Sec. 12. AS 08.04.190 is amended to read:

2           Sec. 08.04.190. EXAMINATION FEE. The board shall charge each  
3 applicant a fee [OF \$50] for evaluation of educational qualifications,  
4 the initial examination, and for each reexamination. The applicant  
5 shall pay the fee at the time of application for examination or re-  
6 examination. The amount of a fee under this section shall be deter-  
7 mined by the board.

8 \* Sec. 13. AS 08.04 is amended by adding a new section to read:

9           Sec. 08.04.195. SERVICE OF PROCESS ON NONRESIDENTS. Application  
10 for certification under this chapter by a person who is not a resident  
11 of this state constitutes the appointment of the lieutenant governor  
12 as an agent for service of process in an action or proceeding arising  
13 out of a transaction or activity connected with the practice of public  
14 accounting in this state by the nonresident.

15 \* Sec. 14. AS 08.04.200 is amended to read:

16           Sec. 08.04.200. USE OF TITLE "CERTIFIED PUBLIC ACCOUNTANT". A  
17 person who has received a certificate from the board or from another  
18 state as a certified public accountant [AND WHO HOLDS A CURRENT PERMIT  
19 ISSUED UNDER AS 08.04.390 - 08.04.440] shall be known as a certified  
20 public accountant and may use the abbreviation "CPA" if the certifi-  
21 cate has not been suspended or revoked. However, a certified public  
22 accountant may not engage in the practice of public accounting in this  
23 state unless the person has a permit under AS 08.04.375.

24 \* Sec. 15. AS 08.04.210 is amended to read:

25           Sec. 08.04.210. EFFECT ON EXISTING CERTIFICATES. A person who,  
26 before January 1, 1984 [ON APRIL 26, 1960], held a certificate as a  
27 certified public accountant issued under the laws of the Territory or  
28 State of Alaska is not required to obtain a certificate under this  
29 chapter but is otherwise subject to this chapter. Certificates issued

1 before January 1, 1984 [APRIL 26, 1960], shall be considered certifi-  
2 cates issued under this chapter.

3 \* Sec. 16. AS 08.04.240 is amended to read:

4 Sec. 08.04.240. REGISTRATION OF PARTNERSHIPS AND CORPORATIONS  
5 COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS. (a) A partnership engaged  
6 in this state in the practice of public accounting shall [MAY] regis-  
7 ter with the board as a partnership of certified public accountants  
8 and must meet [IF IT MEETS] the following requirements:

9 (1) at least one general partner must be a certified public  
10 accountant holding a permit to practice under AS 08.04.375 [OF THIS  
11 STATE IN GOOD STANDING];

12 (2) each partner must be a certified public accountant of  
13 some state holding a permit under AS 08.04.375 [IN GOOD STANDING];  
14 [AND]

15 (3) [EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,] each  
16 resident manager in charge of an office of the partnership [A FIRM] in  
17 this state, and each partner personally engaged in this state in the  
18 practice of public accounting as a member of that partnership [FIRM]  
19 must be a certified public accountant holding a permit under AS 08.-  
20 04.375; and

21 (4) the principal purpose and business of the partnership  
22 must be to furnish services consistent with this chapter and the  
23 regulations adopted under it [OF THIS STATE IN GOOD STANDING].

24 (b) A corporation organized for the practice of public account-  
25 ing shall [MAY] register with the board as a corporation of certified  
26 public accountants and must meet [IF IT MEETS] the following require-  
27 ments:

28 (1) the principal [SOLE] purpose and business of the corpo-  
29 ration must be to furnish [TO THE PUBLIC] services consistent [NOT

1 INCONSISTENT] with this chapter and [OR] the regulations adopted  
2 [PROMULGATED] under it [BY THE BOARD; HOWEVER, THE CORPORATION MAY  
3 INVEST ITS FUNDS IN A MANNER NOT INCOMPATIBLE WITH THE PRACTICE OF  
4 PUBLIC ACCOUNTING];

5 (2) each shareholder of the corporation must be a certified  
6 public accountant of some state [IN GOOD STANDING] and must be prin-  
7 cipally employed by the corporation or actively engaged in its busi-  
8 ness; another [NO OTHER] person may not have an [ANY] interest in the  
9 stock of the corporation; the principal officer of the corporation and  
10 an [ANY] officer or director having authority over the practice of  
11 public accounting by the corporation must be a certified public ac-  
12 countant of some state holding a permit under AS 08.04.375 [IN GOOD  
13 STANDING];

14 (3) at least one shareholder of the corporation must be a  
15 certified public accountant holding a permit under AS 08.04.375 [OF  
16 THIS STATE IN GOOD STANDING];

17 (4) [EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,] each  
18 resident manager in charge of an office of the corporation in this  
19 state and each shareholder or director personally engaged in this  
20 state in the practice of public accounting must be a certified public  
21 accountant holding a permit to practice under AS 08.04.375 [OF THIS  
22 STATE IN GOOD STANDING];

23 (5) to facilitate compliance with the provisions of this  
24 section relating to the ownership of stock, there must be a written  
25 agreement binding the corporation or the qualified shareholders to  
26 purchase shares offered for sale by, or not under the ownership or  
27 effective control of, a qualified shareholder and binding a holder not  
28 a qualified shareholder to sell these shares to the corporation or the  
29 qualified shareholders; the agreement must be noticed on each

1 certificate of corporate stock; the corporation may purchase any  
2 amount of its stock for this purpose, notwithstanding any impairment  
3 of capital, so long as one share remains outstanding;

4 (6) the corporation must be in compliance with [THOSE]  
5 other regulations pertaining to corporations practicing public  
6 accounting in this state that the board may prescribe.

7 (c) Application for registration must be made upon the affidavit  
8 of a general partner or shareholder who is a certified public accoun-  
9 tant holding a permit under AS 08.04.375 [OF THIS STATE IN GOOD STAND-  
10 ING]. The board shall in each case determine whether the applicant is  
11 eligible for registration. A partnership or corporation that [WHICH]  
12 is [SO] registered and that [WHICH] holds a permit [ISSUED] under  
13 AS 08.04.375 [AS 08.04.400] may use the words "certified public  
14 accountants" or the abbreviation "CPAs" in connection with its part-  
15 nership or corporate name. Notification shall be given the board,  
16 within 30 days [ONE MONTH], after the admission or withdrawal of a  
17 partner or shareholder from a partnership or corporation registered  
18 under this section.

19 \* Sec. 17. AS 08.04 is amended by adding a new section to read:

20 Sec. 08.04.245. REGISTRATION AND NOTIFICATION FEE. The fee for  
21 the registration of a partnership or corporation and for notification  
22 of the board of the admission or withdrawal of a partner or share-  
23 holder shall be established by the board. The fee shall be paid by  
24 the applicant at the time the registration form or notice of admission  
25 or withdrawal of a partner or shareholder is filed with the board.

26 \* Sec. 18. AS 08.04.350 is amended to read:

27 Sec. 08.04.350. REGISTRATION OF OFFICES. (a) Each office  
28 established or maintained in this state for the practice of public  
29 accounting in this state (1) by a certified public accountant,

1 partnership or corporation of certified public accountants, or (2) by  
2 a public accountant, partnership or corporation of public accountants  
3 who hold licenses or permits under AS 08.04.661, shall register bian-  
4 nually [ANNUALLY] with the board. [NO FEE MAY BE CHARGED FOR REGIS-  
5 TRATION.] The board shall prescribe registration procedures [PROCE-  
6 DURE] by regulation.

7 \* Sec. 19. AS 08.04.350 is amended by adding a new subsection to read:

8 (b) The fee for the registration of an office under this section  
9 shall be established by the board. The fee shall be paid by the  
10 applicant at the time the registration form is filed with the board.

11 \* Sec. 20. AS 08.04.360 is amended to read:

12 Sec. 08.04.360. SUPERVISION REQUIRED. Each office established  
13 or maintained in this state for the practice of public accounting  
14 shall be under the direct supervision of a person in residence who  
15 holds a permit under AS 08.04.375 [AS 08.04.390 - 08.04.440]. The  
16 supervisor may be either a sole proprietor, partner, principal or  
17 staff employee. A supervisor may serve in this capacity at one office  
18 only.

19 \* Sec. 21. AS 08.04.370 is amended to read:

20 Sec. 08.04.370. USE OF TITLE "CERTIFIED PUBLIC ACCOUNTANT" BY  
21 REGISTERED OFFICE. The title "certified public accountant" or the  
22 abbreviation "CPA" may [SHALL] not be used in connection with an  
23 office registered under this chapter unless the "person in residence"  
24 required by AS 08.04.360 is a certified public accountant in this  
25 state or another state.

26 \* Sec. 22. AS 08.04 is amended by adding a new section to read:

27 Sec. 08.04.375. PERMIT TO PRACTICE PUBLIC ACCOUNTING. (a) A  
28 biennial permit to practice public accounting in this state shall be  
29 issued by the board to a

1 (1) certified public accountant with public accounting  
2 experience that meets requirements established by regulations of the  
3 board or other experience that the board determines to be substan-  
4 tially equivalent;

5 (2) partnership or corporation registered under AS 08.04.-  
6 240.

7 (b) A permit to practice public accounting expires on the last  
8 day of December of the second year after issuance and may be renewed  
9 for a period of two years.

10 (c) Application for a permit to practice public accounting in  
11 this state by a certified public accountant who holds a permit to  
12 practice public accounting in another state or by a partnership or  
13 corporation of certified public accountants that holds a permit to  
14 practice public accounting in another state shall constitute the  
15 appointment of the lieutenant governor as agent for service of process  
16 in a proceeding arising out of a transaction connected with the prac-  
17 tice of public accounting in this state by the applicant.

18 \* Sec. 23. AS 08.04.450 is amended to read:

19 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, [LI-  
20 CENSE,] REGISTRATION OR PERMIT. After notice and hearing under  
21 AS 08.04.485, the [THE] board may, for a period not to exceed two  
22 years, revoke or suspend a certificate issued under this chapter [OR  
23 LICENSE,] or may, for a period not to exceed two years, revoke, sus-  
24 pend, or refuse to renew a [ANY] permit or registration issued under  
25 this chapter, or may censure a [ANY] certificate holder, licensee,  
26 registrant, or permit holder for

27 (1) fraud or deceit in obtaining a [ANY] certificate,  
28 [LICENSE,] registration, or permit issued under [REQUIRED BY] this  
29 chapter;

1 (2) dishonesty, fraud, or gross negligence in the practice  
2 of public accounting, or other acts discreditable to the accounting  
3 profession;

4 (3) violation of a [ANY] provision of this chapter [AS 08.-  
5 04.500 - 08.04.610];

6 (4) violation of a rule of professional conduct adopted [OR  
7 OTHER REGULATION PROMULGATED] by the board;

8 (5) conviction of an offense [A FELONY] under the laws of  
9 the United States, this state or another [ANY] state which, if commit-  
10 ted in this state would have been an offense under the laws of this  
11 state [OR OF THE UNITED STATES];

12 [(6) CONVICTION OF ANY CRIME, AN ESSENTIAL ELEMENT OF WHICH  
13 IS DISHONESTY OR FRAUD, UNDER THE LAWS OF ANY STATE OR OF THE UNITED  
14 STATES;]

15 (6) [(7)] cancellation, revocation, suspension, or refusal  
16 to renew authority to practice as a certified public accountant or  
17 public accountant in another [ANY OTHER] state for a [ANY] cause other  
18 than failure to pay a [AN ANNUAL REGISTRATION] fee or meet continuing  
19 education requirements; or

20 (7) [(8)] suspension or revocation of the right to prac-  
21 tice before a [ANY] state or federal agency [; OR

22 (9) REPEALED

23 (10) FAILURE OF A CERTIFIED PUBLIC ACCOUNTANT TO SATISFY THE  
24 CONTINUING EDUCATION REQUIREMENTS PRESCRIBED BY THE BOARD UNDER  
25 AS 08.04.425, EXCEPT AS CONDITIONED, RELAXED OR SUSPENDED BY THE BOARD  
26 UNDER AS 08.04.425(c) AND (d)].

27 \* Sec. 24. AS 08.04.470 is amended to read:

28 Sec. 08.04.470. REVOCATION OR SUSPENSION OF PARTNERSHIP OR  
29 CORPORATE REGISTRATION OR PERMIT. After notice and hearing under

1 AS 08.04.485, the [THE] board shall revoke the registration and permit  
2 [TO PRACTICE] of a partnership or corporation if [AT ANY TIME] it does  
3 not meet the qualifications prescribed by [THE SECTIONS OF] this  
4 chapter under which it qualified for registration.

5 \* Sec. 25. AS 08.04.480 is amended to read:

6 Sec. 08.04.480. GROUNDS FOR REVOCATION OR SUSPENSION OF PARTNER-  
7 SHIP OR CORPORATE PERMIT. After notice and hearing under AS 08.04.-  
8 485, the [THE] board may revoke or suspend the registration and permit  
9 [TO PRACTICE] of a partnership or corporation, may revoke, suspend or  
10 refuse to renew its permit, [TO PRACTICE] or may censure the partner-  
11 ship or corporation for any of the causes enumerated in AS 08.04.450  
12 and AS 08.04.470 [08.04.460], or for any of the following additional  
13 causes:

14 (1) the revocation or suspension of the certificate [,  
15 LICENSE] or registration of any partner or shareholder;

16 (2) the revocation, suspension, or refusal to renew the  
17 permit [TO PRACTICE] of any partner or shareholder;

18 (3) the cancellation, revocation, suspension, or refusal to  
19 renew the authority of the partnership or any partner or the corpo-  
20 ration or a shareholder to practice public accounting in any other  
21 state for any cause other than failure to pay a [AN ANNUAL REGISTRA-  
22 TION] fee or to meet continuing education requirements [IN THAT  
23 STATE].

24 \* Sec. 26. AS 08.04 is amended by adding new sections to read:

25 Sec. 08.04.485. HEARINGS. (a) The board may initiate proceed-  
26 ings under AS 08.04.450 - 08.04.480 on its own motion, on receiving a  
27 complaint, or on receiving notice from another state board of ac-  
28 countancy of its decision to

29 (1) revoke, suspend, or refuse to renew practice privileges

1 granted in the other state to a holder of a certificate, registration,  
2 or permit issued under this chapter;

3 (2) censure a person who holds a permit under AS 08.04.375.

4 (b) The board shall serve personally or by registered mail to  
5 the accused at the address last known to the board, a written notice  
6 stating the nature of the charges and the time and place of the hear-  
7 ing. Notice shall be served not less than 30 days before the hearing.

8 (c) If, after having been served with notice, the accused fails  
9 to appear at the hearing, the board may proceed to hear the evidence  
10 and may enter an order justified by the evidence. The order shall be  
11 final unless the accused petitions for a review. However, within 30  
12 days after the date of an order, upon a showing of good cause for  
13 failing to appear, the board may reopen the proceeding and permit the  
14 accused to submit evidence.

15 (d) The accused may appear in person at a hearing, be repre-  
16 sented by counsel, produce evidence and witnesses, crossexamine wit-  
17 nesses, and examine evidence produced against the accused. A partner-  
18 ship may be represented before the board by counsel or by a partner.  
19 A corporation may be represented before the board by counsel or by a  
20 shareholder. The accused shall be entitled, on application to the  
21 board, to the issuance of subpoenas to compel the attendance of wit-  
22 nesses.

23 (e) The board or a member of the board may issue subpoenas to  
24 compel the attendance of witnesses and the production of documents,  
25 administer oaths, take testimony, hear evidence, and receive exhibits  
26 in evidence. If a subpoena is not obeyed, the board may invoke the  
27 aid of the court in requiring the attendance and testimony of witnes-  
28 ses and the production of documentary evidence.

29 (f) A hearing under this section shall not be limited by

1 technical rules of evidence and is not subject to the Administrative  
2 Procedure Act (AS 44.62).

3 (g) A record shall be made of a hearing and kept by the board.

4 (h) The attorney general shall represent the board at each  
5 hearing held under this section.

6 (i) The board shall render a decision by majority vote.

7 Sec. 08.04.486. REVIEW. (a) A person adversely affected by an  
8 order of the board after a hearing under AS 08.04.485 may petition for  
9 court review within 30 days after the entry of the order. A copy of  
10 the petition shall be served on a member of the board. Upon receiving  
11 a copy of the petition by a member, the board shall certify and file  
12 in the court a transcript of the record upon which the order was  
13 entered.

14 (b) Review under this section shall be de novo on the record.  
15 New or additional evidence may not be introduced, but the parties may  
16 file briefs in support of their arguments with the court.

17 (c) The court may affirm, modify, or set aside the order of the  
18 board in whole or in part or may remand the case to the board for  
19 further evidence. The court may stay the effect of the order pending  
20 its determination of the case.

21 Sec. 08.04.487. NOTICE OF DISCIPLINARY ACTION TO OTHER STATES.  
22 Upon taking disciplinary action under AS 08.04.450 - 08.04.480, the  
23 board shall determine whether the person disciplined holds a certifi-  
24 cate, registration or permit to practice public accounting in another  
25 state. If the person holds a certificate, registration or permit the  
26 board shall notify the board of accountancy of the other state of the  
27 disciplinary action taken against the person. Notice shall be pro-  
28 vided in writing within 30 days after the disciplinary action is  
29 taken.

1 \* Sec. 27. AS 08.04.500(a) is amended to read:

2 (a) A person may not assume or use the title or designation  
3 "certified public accountant" or the abbreviation "CPA" or any other  
4 title, designation, word, letter, abbreviation, sign, card, or device  
5 tending to indicate that person is a certified public accountant,  
6 unless the person has received a certificate of "Certified Public  
7 Accountant" [, HOLDS A PERMIT ISSUED UNDER AS 08.04.390 - 08.04.440,  
8 HEREINAFTER REFERRED TO AS A "LIVE" PERMIT, AND ALL OF THE PERSON'S  
9 OFFICES IN THIS STATE FOR THE PRACTICE OF PUBLIC ACCOUNTING ARE MAIN-  
10 TAINED AND REGISTERED AS REQUIRED BY AS 08.04.350 - 08.04.380].

11 \* Sec. 28. AS 08.04.510(a) is amended to read:

12 (a) A partnership or corporation may not assume or use the title  
13 or designation "certified public accountant" or the abbreviation "CPA"  
14 or any other title, designation, word, letter, abbreviation, sign,  
15 card, or device tending to indicate that it is composed of certified  
16 public accountants, unless the partnership or corporation is regis-  
17 tered and holds a [LIVE] permit under AS 08.04.375, is practicing  
18 under its registered name, and its offices in this state for the  
19 practice of public accounting are maintained and registered as re-  
20 quired by this chapter [AS 08.04.350 - 08.04.380].

21 \* Sec. 29. AS 08.04.520 is amended to read:

22 Sec. 08.04.520. INDIVIDUAL POSING AS PUBLIC ACCOUNTANT. A  
23 person may not assume or use the title or designation "public accoun-  
24 tant" or the abbreviation "PA" or other title, designation, word,  
25 letter, abbreviation, sign, card, or device tending to indicate that  
26 that person is a public accountant, unless the person holds a [LIVE]  
27 permit to practice public accounting under this chapter and the per-  
28 son's offices in this state for the practice of public accounting are  
29 maintained and registered as required by AS 08.04.661 [AS 08.04.350 -

1 08.04.380].

2 \* Sec. 30. AS 08.04.530 is amended to read:

3 Sec. 08.04.530. PARTNERSHIP OR CORPORATION POSING AS PUBLIC  
4 ACCOUNTANT. A partnership or corporation may not assume or use the  
5 designation "public accountant" or the abbreviation "PA" or any other  
6 title, designation, word, letter, abbreviation, sign, card, or device  
7 tending to indicate that the partnership or corporation is composed of  
8 public accountants, unless the partnership or corporation holds a  
9 [LIVE] permit to practice public accounting under this chapter, is  
10 practicing under its registered name, and its office in this state for  
11 the practice of public accounting is maintained and registered as  
12 required by AS 08.04.661 [AS 08.04.350 - 08.04.380].

13 \* Sec. 31. AS 08.04.540 is amended to read:

14 Sec. 08.04.540. USE OF DECEPTIVE TITLE OR ABBREVIATION. A  
15 person, partnership or corporation may not assume or use the title or  
16 designation "certified accountant", "chartered accountant", "enrolled  
17 accountant", "licensed accountant", "registered accountant", or any  
18 other title or designation likely to be confused with "certified  
19 public accountant" or "public accountant", or any of the abbreviations  
20 "CA", "EA", "LA", "RA", or similar abbreviations likely to be confused  
21 with "CPA" or "PA"; however, a person, partnership or corporation  
22 holding a [LIVE] permit to practice public accounting under this  
23 chapter and whose offices in this state for the practice of public  
24 accounting are maintained and registered as required by this chapter  
25 [AS 08.04.350 - 08.04.380] may hold out to the public as an accountant  
26 or auditor.

27 \* Sec. 32. AS 08.04.560 is amended to read:

28 Sec. 08.04.560. INDIVIDUAL MAY NOT ASSUME TITLE. A person may  
29 not sign, [OR] affix, or associate a [ANY] name or a [ANY] trade or

1 assumed name used by that person in that person's profession or busi-  
2 ness to a [ANY ACCOUNTING OR FINANCIAL STATEMENT, OR OPINION OR]  
3 report expressing or disclaiming an opinion on a [ON ANY ACCOUNTING  
4 OR] financial statement based on an audit or examination of the state-  
5 ment, report expressing assurance on a financial statement based on a  
6 review of the statement, compilation report on a financial statement  
7 based on a compilation of the statement [WITH ANY WORDING INDICATING  
8 THAT THE PERSON IS A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT  
9 OR WITH ANY WORDING INDICATING THAT THE PERSON HAS EXPERT KNOWLEDGE IN  
10 ACCOUNTING OR AUDITING], unless the person holds a [LIVE] permit to  
11 practice public accounting under this chapter and the person's offices  
12 in this state for the practice of public accounting are maintained and  
13 registered as required under this chapter [BY AS 08.04.350 -  
14 08.04.380].

15 \* Sec. 33. AS 08.04.580 is amended to read:

16 Sec. 08.04.580. PARTNERSHIP POSING AS ACCOUNTANTS OR AUDITORS.  
17 A person may not sign, associate, or affix a partnership name with a  
18 report expressing or disclaiming an opinion on a financial statement  
19 based on an audit or examination of the statement, report expressing  
20 assurance on a financial statement based on a review of the statement,  
21 or compilation report on a financial statement based on a compilation  
22 of the statement [ANY WORDING INDICATING THAT IT IS A PARTNERSHIP  
23 COMPOSED OF ACCOUNTANTS OR AUDITORS OR PERSONS HAVING EXPERT KNOWLEDGE  
24 IN ACCOUNTING OR AUDITING TO ANY ACCOUNTING OR FINANCIAL STATEMENT, OR  
25 TO ANY OPINION, ON, REPORT ON OR CERTIFICATE TO ANY ACCOUNTING OR  
26 FINANCIAL STATEMENT] unless the partnership holds a [LIVE] permit to  
27 practice public accounting under this chapter, is practicing under its  
28 registered name, and its offices in this state for the practice of  
29 public accounting are maintained and registered as required by this

1 chapter [AS 08.04.350 - 08.04.380].

2 \* Sec. 34. AS 08.04.590 is amended to read:

3 Sec. 08.04.590. USE OF TITLE WITH CORPORATE NAME. A person may  
4 not sign, associate, or affix a corporate name with a report express-  
5 ing or disclaiming an opinion on a financial statement based on an  
6 audit or examination of the statement, report expressing assurance on  
7 a financial statement based on a review of the statement, or com-  
8 pilation report on a financial statement based on a compilation of the  
9 statement [ANY WORDING INDICATING THAT IT IS A CORPORATION PERFORMING  
10 SERVICES AS ACCOUNTANTS OR AUDITORS, OR COMPOSED OF ACCOUNTANTS OR  
11 AUDITORS OR PERSONS HAVING EXPERT KNOWLEDGE IN ACCOUNTING OR AUDITING  
12 TO ANY ACCOUNTING OR FINANCIAL STATEMENT, OR TO ANY OPINION OR REPORT  
13 ON OR CERTIFICATE TO ANY ACCOUNTING OR FINANCIAL STATEMENT] unless the  
14 corporation holds a [LIVE] permit to practice public accounting under  
15 this chapter, is practicing under its registered name, and its offices  
16 in this state for the practice of public accounting are maintained and  
17 registered as required under this chapter [BY AS 08.04.350 -  
18 08.04.380].

19 \* Sec. 35. AS 08.04.600 is amended to read:

20 Sec. 08.04.600. [DISCLOSURE OF LACK OF] PERMIT REQUIRED. A  
21 person, partnership or corporation that does not hold a [LIVE] permit  
22 to practice public accounting under this chapter may not hold out to  
23 the public for the practice of public accounting, or as a certified  
24 public accountant or auditor with or without other description or  
25 designation [PUBLIC ACCOUNTANT] by use of the [SUCH] words [OR ABBRE-  
26 VIATIONS] on a [ANY] sign, card, letterhead or in an [ANY] advertise-  
27 ment or directory [, WITHOUT INDICATING THAT THE PERSON, PARTNERSHIP,  
28 OR CORPORATION DOES NOT HOLD A PERMIT. THIS SECTION DOES NOT PROHIBIT  
29 (1) AN OFFICER, EMPLOYEE, PARTNER, OR PRINCIPAL OF AN ORGANIZATION

1 FROM SELF-DESCRIPTION THROUGH THE POSITION, TITLE, OR OFFICE WHICH THE  
2 PERSON HOLDS IN THE ORGANIZATION, (2) AN ACT OF A PUBLIC OFFICIAL OR  
3 PUBLIC EMPLOYEE IN THE PERFORMANCE OF THAT PERSON'S DUTIES, OR (3) ANY  
4 PERSON FROM MAINTAINING A BOOKKEEPING OR TAX SERVICE].

5 \* Sec. 36. AS 08.04.620(1) is amended to read:

6 (1) a person not a certified public accountant or public  
7 accountant from serving as an employee of or as an assistant to a  
8 [ANY] person, partnership or corporation holding a [LIVE] permit to  
9 practice public accounting under this chapter so long as the employee  
10 or assistant does not use the employee's or the assistant's name in  
11 connection with an [ANY] accounting or financial statement;

12 \* Sec. 37. AS 08.04.620 is amended by adding new paragraphs to read:

13 (4) a person who holds a certificate of "Certified Public  
14 Accountant" that has not been revoked or suspended by the board or by  
15 another state board of accountancy from assuming or using the desig-  
16 nation "certified public accountant" or "CPA" or other title, desig-  
17 nation, word, letter, sign, card, or device indicating that the person  
18 is a certified public accountant; a designation permitted under this  
19 paragraph may not be used in connection with the practice of public  
20 accounting in this state unless the person has a permit under AS 08.-  
21 04.375;

22 (5) a certified public accountant, public accountant,  
23 partnership or corporation of certified public accountants, partner-  
24 ship or corporation of public accountants, or any of their employees  
25 from disclosing information in confidence to other certified public  
26 accountants, public accountants, public accountant review teams,  
27 partnerships or corporations of certified public accountants, or  
28 partnerships or corporations of public accountants engaged in conduct-  
29 ing public accounting reviews or any of their employees in connection

1 with reviews of public accounting and auditing practice conducted by a  
2 recognized professional association;

3 (6) a certified public accountant, public accountant,  
4 partnership or corporation of certified public accountants, partner-  
5 ship or corporation of public accountants, or any of their employees  
6 from disclosing information in confidence to an employee, representa-  
7 tive, officer, or committee member of a recognized professional asso-  
8 ciation, the board or its employees or committees in connection with a  
9 professional ethics investigation;

10 (7) a person, partnership, or corporation not holding a  
11 permit to practice public accounting under this chapter from offering  
12 or rendering to the public bookkeeping and tax services, including  
13 devising and installing systems, recording and presentation of finan-  
14 cial information or data, preparing financial statements or similar  
15 services; however that person, partnership, or corporation may not

16 (A) audit or examine a financial statement and issue a  
17 report expressing or disclaiming an opinion on the statement;

18 (B) review a financial statement and issue a report  
19 expressing assurance on the statement; or

20 (C) compile a financial statement and issue a compila-  
21 tion report on the statement.

22 \* Sec. 38. AS 08.04.630 is amended to read:

23 Sec. 08.04.630. INJUNCTION AGAINST UNLAWFUL ACT. Whenever, in  
24 the judgment of the board, a [ANY] person has engaged, or is about to  
25 engage, in an [ANY] act that violates this chapter [WHICH CONSTITUTES  
26 A VIOLATION OF AS 08.04.500 - 08.04.610], the board may apply to the  
27 [APPROPRIATE] court for an order enjoining the act. Upon a showing by  
28 the board that a person has engaged, or is about to engage, in the  
29 act, the court shall grant an injunction or [ANY] other appropriate

1 order without bond.

2 \* Sec. 39. AS 08.04.640 is amended to read:

3 Sec. 08.04.640. PENALTY. A [ANY] person who violates a [ANY]  
4 provision of this chapter [AS 08.04.500 - 08.04.610] is guilty of a  
5 class A misdemeanor [AND UPON CONVICTION IS PUNISHABLE BY A FINE OF  
6 NOT MORE THAN \$500, OR BY IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR  
7 BY BOTH]. Whenever the board has reason to believe that a [ANY]  
8 person has violated a [ANY] provision of this chapter [AS 08.04.500 -  
9 08.04.610] it may certify the facts to the attorney general [OF THIS  
10 STATE] or other appropriate enforcement officer, who may cause [APPRO-  
11 PRIATE] proceedings to be brought.

12 \* Sec. 40. AS 08.04.650 is amended to read:

13 Sec. 08.04.650. [SINGLE ACT] EVIDENCE OF PRACTICE. (a) Except  
14 as permitted by this chapter, the [THE] display or presenting [UTTER-  
15 ING BY A PERSON] of a card, sign, advertisement or other printed, en-  
16 graved, or written instrument or device, bearing a person's name in  
17 conjunction with the words "certified public accountant," or an [ANY]  
18 abbreviation of them [THEREOF], or with the words "public accountant,"  
19 or an [ANY] abbreviation of them [THEREOF], or any words or abbrevia-  
20 tions likely to be confused with [ANY OF] them is prima facie evidence  
21 in an [ANY] action brought under this chapter [AS 08.04.630 OR 08.04.-  
22 640] that the person whose name is displayed caused the display or  
23 presenting [UTTERING] of the card, sign, advertisement or written  
24 instrument or device, and that the person is holding out to be a  
25 certified public accountant or public accountant.

26 (b) In an [ANY] action, evidence of the commission of a single  
27 act prohibited by this chapter is sufficient to justify an injunction  
28 or a conviction without evidence of a general course of conduct.

29 \* Sec. 41. AS 08.04.660 is amended to read:

1           Sec. 08.04.660.    OWNERSHIP OF ACCOUNTANT'S WORKING PAPERS.  
2   Statements, records, schedules, working papers, and memoranda made by  
3   a certified public accountant or [,] public accountant [, OR REGIS-  
4   TERED FOREIGN ACCOUNTANT] incident to or in the course of professional  
5   service to a client, except reports submitted to a client, are the  
6   property of the accountant [,] in the absence of an express agreement  
7   between the accountant and the client to the contrary. No statement,  
8   record, schedule, working paper, or memorandum may be sold, trans-  
9   ferred, or bequeathed to a person other than a partner of the accoun-  
10   tant, the accountant's corporation, or the successor in interest to  
11   the partnership or corporation without the consent of the client or  
12   the client's personal representative or assignee.

13   \* Sec. 42. AS 08.04 is amended by adding a new section to read:

14           Sec. 08.04.663.   CONFIDENTIAL COMMUNICATIONS. (a) A certified  
15   public accountant, public accountant, partnership or corporation of  
16   certified public accountants, partnership or corporations of public  
17   accountants, or any of their employees may not disclose confidential  
18   information obtained in the course of performing professional public  
19   accounting services except with the consent of the client or former  
20   client, or as disclosure may be required by law, legal process, the  
21   standards of the profession, or as permitted under AS 08.04.620(5).

22           (b) This section may not be construed as limiting the authority  
23   of the state, the United States, or an agency of the state or United  
24   States to subpoena and use information in connection with an inves-  
25   tigation, public hearing or other proceeding. This section may not be  
26   construed as prohibiting a certified public accountant or public  
27   accountant whose professional competence has been challenged in court  
28   or before an administrative agency from disclosing confidential infor-  
29   mation as part of a defense to the court action or administrative

1 proceeding.

2 \* Sec. 43. AS 08.04.680 is amended by adding new paragraphs to read:

3 (5) "certified public accountant" means a person holding a  
4 certificate of "Certified Public Accountant" issued under this chapter  
5 or the laws of another state;

6 (6) "opinions on financial statements" means reports based  
7 on examinations in accordance with generally accepted auditing stan-  
8 dards as to whether the presentation of information used for guidance  
9 in financial transactions or for accounting for or assessing the  
10 status or performance of commercial and noncommercial enterprises,  
11 whether public, private, or governmental, is in conformity with gener-  
12 ally accepted accounting principles or other comprehensive basis of  
13 accounting;

14 (7) "practice of public accounting" means

15 (A) performing services as one skilled in the knowl-  
16 edge and practice of public accounting;

17 (B) auditing or examining financial statements and  
18 issuing a report expressing or disclaiming an opinion on the  
19 statements;

20 (C) reviewing financial statements and issuing a  
21 report expressing assurance on the statements; or

22 (D) compiling financial statements and issuing a  
23 compilation report on the statements;

24 (8) "report" means a brief description based on the accoun-  
25 tant's professional judgment conveying the nature and extent of ser-  
26 vices performed and the degree of responsibility assumed for the  
27 client's representations contained in the related financial state-  
28 ments.

29 \* Sec. 44. A member of the Board of Public Accountancy serving on the

1 effective date of this Act shall serve until the term expires. A new  
2 member shall be appointed in accordance with AS 08.04.020 as amended in  
3 sec. 3 of this Act.

4 \* Sec. 45. AS 08.04.050, 08.04.070(f), 08.04.110, 08.04.120 - 08.04.-  
5 150, 08.04.170, 08.04.180, 08.04.260, 08.04.380 - 08.04.420, 08.04.425(d)-  
6 (2)(A), 08.04.430, 08.04.440, 08.04.460, 08.04.500(b), 08.04.510(b), 08.-  
7 04.560(3), 08.04.620(2) and (3), 08.04.680(3), and AS 44.62.330(a)(12) are  
8 repealed.

9 \* Sec. 46. This Act takes effect January 1, 1984.