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Referred: Labor & Commerce,
Judiciary and Finance

1 IN THE SENATE

BY ZHAROFF

2

SENATE BILL NO. 259

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

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

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* Section 1. AS 08.04.020 is repealed and reenacted to read:

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Sec. 08.04.020. APPOINTMENT AND QUALIFICATIONS OF BOARD. The

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board consists of seven members. Six members must be certified public

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accountants, three of whom hold permits to practice under this chapter

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and are engaged in the practice of public accounting. One member must

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be a public member.

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

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Sec. 08.04.030. REMOVAL AND REAPPOINTMENT OF MEMBERS. The

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governor shall remove from the board a [ANY] member [OF THE BOARD]

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whose certificate [, LICENSE] or permit has been revoked or suspended.

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The governor may, after hearing, remove a [ANY] member for neglect of

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duty or other just cause. [NO PERSON WHO HAS SERVED TWO SUCCESSIVE

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COMPLETE TERMS MAY BE REAPPOINTED UNTIL ONE YEAR FROM THE EXPIRATION

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OF THE TERM TO WHICH APPOINTED.]

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* Sec. 3. AS 08.04.040 is amended to read:

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Sec. 08.04.040. TERM OF OFFICE. The term of office for each

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member of the board is three years. A vacancy shall be filled by

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appointment for the unexpired term [AND ALL VACANCIES SHALL BE FILLED

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WITHIN 60 DAYS]. After the expiration of a member's term of office

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~~the~~ the [A] member continues to serve until a successor is appointed and

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qualifies [, FORMALLY ADVISES THE BOARD OF ACCEPTANCE OF THE

1 APPOINTMENT, AND APPEARS AT THE NEXT MEETING OF THE BOARD].

2 * Sec. 4. AS 08.04.070(a) is amended to read:

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

6 * Sec. 5. AS 08.04.070(b) is amended to read:

7 (b) The board may adopt [AND AMEND] regulations under the Admin-
8 istrative Procedure Act (AS 44.62) for the orderly conduct of its
9 affairs and for the administration of this chapter including regula-
10 tions for

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

12 (2) professional conduct of certified public accountants;

13 (3) partnerships and corporations that practice public
14 accounting, including regulating the use of names and titles, affilia-
15 tions with other organizations, reasonable requirements for unimpaired
16 capital, and professional liability insurance.

17 * Sec. 6. AS 08.04.070(g) is repealed and reenacted to read:

18 (g) The board shall submit an annual report to the governor and
19 provide a copy to any person on request. The report must contain

20 (1) budget information;

21 (2) a cumulative listing of all persons holding a certifi-
22 cate under AS 08.04.100; persons, partnerships, and corporations hold-
23 ing a permit to practice under this chapter; and offices registered
24 under this chapter; and

25 (3) other information the board considers useful.

26 * Sec. 7. AS 08.04.080 is amended to read:

27 Sec. 08.04.080. NOTICE OF PROPOSED REGULATIONS [ADOPTION OF
28 RULES]. In addition to other requirements under the Administrative
29 Procedure Act (44.62), at [THE BOARD MAY ADOPT RULES OF PROFESSIONAL

1 CONDUCT TO ESTABLISH AND MAINTAIN A HIGH STANDARD OF INTEGRITY AND
2 DIGNITY IN THE PROFESSION OF PUBLIC ACCOUNTANCY. AT] least 90 [60]
3 days before [PRIOR TO] the adoption of a regulation [ANY RULE OR
4 AMENDMENT] the board shall mail copies of the proposed regulation
5 [RULE OR AMENDMENT] together with a notice of its proposed effective
6 date to each person certified under this chapter. The notice must
7 include a statement that comments must be submitted at least 45 days
8 before the proposed effective date [BY CERTIFIED MAIL, WITH RETURN
9 RECEIPT REQUESTED, TO EACH HOLDER OF A PERMIT ISSUED UNDER THIS CHAP-
10 TER TO THE ADDRESS OF THE PERMIT HOLDER LAST KNOWN TO THE BOARD].

11 * Sec. 8. AS 08.04.100 is amended to read:

12 Sec. 08.04.100. CERTIFICATION [CERTIFICATE GRANTED]. The board
13 shall grant a certificate of "Certified Public Accountant" [SHALL BE
14 GRANTED BY THE BOARD] to a [ANY] person who

15 (1) is of good character;

16 (2) has a baccalaureate degree or its equivalent conferred
17 by a college or university acceptable to the board with an accounting
18 concentration or its equivalent as determined by the board;

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

22 (4) has passed in this or another state the ethics examina-
23 tion administered by the American Institute of Certified Public Ac-
24 counts [MEETS THE REQUIREMENTS OF AS 08.04.110 - 08.04.130].

25 * Sec. 9. AS 08.04.100 is amended by adding new subsections to read:

26 (b) The board may waive the requirement under (a)(2) of this
27 section if it determines that the educational qualifications of an
28 applicant are an acceptable substitute.

29 (c) The board may refuse to grant a certificate for failure to

1 satisfy (a)(1) of this section only if the board finds there is a
2 substantial connection between the lack of good character of the
3 applicant and the professional responsibilities of a person holding a
4 certificate and if that finding is supported by clear and convincing
5 evidence. When an applicant is found to be unqualified for a certifi-
6 cate because of lack of good character, the board shall furnish the
7 applicant with a statement containing the findings of the board, a
8 complete record of the evidence upon which the determination was made,
9 and a notice of the applicant's right to appeal the decision under the
10 Administrative Procedure Act (AS 44.62).

11 (d) In this section "good character" means lack of a history of
12 dishonest or felonious acts.

13 * Sec. 10. AS 08.04.130 is repealed and reenacted to read:

14 Sec. 08.04.130. EXAMINATION. (a) The board shall hold an
15 examination that satisfies requirements under AS 08.04.100(a)(3) and
16 (4) at least twice each year. The board may offer the examination
17 more frequently.

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

21 (1) the person meets the requirement under AS 08.04.100-
22 (a)(2);

23 (2) the board has waived the requirement under AS 08.04.-
24 100(a)(2) for the person; or

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

27 (c) An applicant qualified to take the examination under (b)(3)
28 of this section may not receive credit for the examination or for any
29 part of the examination unless the applicant

1 (1) meets the requirement under AS 08.04.100(a)(2) within
2 120 days after the examination; or

3 (2) is granted an extension of time by the board for meet-
4 ing the requirement and meets the requirement within the extension.

5 * Sec. 11. AS 08.04.190 is amended to read:

6 Sec. 08.04.190. EXAMINATION FEE. The board shall charge each
7 applicant a fee [OF \$50] for evaluation of educational qualifications,
8 the initial examination, and for each reexamination. The applicant
9 shall pay the fee at the time of application for examination or re-
10 examination. The board shall establish the amount of a fee under this
11 section by regulation.

12 * Sec. 12. AS 08.04 is amended by adding a new section to read:

13 Sec. 08.04.195. PERMIT TO PRACTICE PUBLIC ACCOUNTING. (a) The
14 board shall issue a biennial permit to practice public accounting in
15 this state to a

16 (1) certified public accountant with experience in perform-
17 ing the public attest function that meets requirements established by
18 regulations of the board or other experience that the board determines
19 to be substantially equivalent;

20 (2) partnership or corporation registered under AS 08.04.-
21 240.

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

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

26 Sec. 08.04.205. SERVICE OF PROCESS ON NONRESIDENTS. (a) Appli-
27 cation for certification under this chapter by a person who is not a
28 resident of this state constitutes the appointment of the lieutenant
29 governor as an agent for service of process in an action or proceeding

1 arising out of a transaction or activity connected with the practice
2 of public accounting in this state by the nonresident.

3 (b) Application for a permit to practice public accounting in
4 this state by a certified public accountant or partnership or corpo-
5 ration of certified public accountants holding a permit to practice
6 public accounting in another state constitutes the appointment of the
7 lieutenant governor as agent for service of process in a proceeding
8 arising out of a transaction connected with the practice of public
9 accounting in this state by the applicant.

10 * Sec. 14. AS 08.04.210 is amended to read:

11 Sec. 08.04.210. EFFECT ON EXISTING CERTIFICATES. A person who,
12 before January 1, 1986 [ON APRIL 26, 1960], held a certificate as a
13 certified public accountant issued under the laws of the Territory or
14 State of Alaska is not required to obtain a certificate under this
15 chapter but is otherwise subject to this chapter. Certificates issued
16 before January 1, 1986, are [APRIL 26, 1960, SHALL BE] considered
17 certificates issued under this chapter. The board shall issue a
18 permit to practice under this chapter to a person who holds a certifi-
19 cate under this section without application.

20 * Sec. 15. AS 08.04.240 is amended to read:

21 Sec. 08.04.240. REGISTRATION OF PARTNERSHIPS AND CORPORATIONS
22 COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS. (a) A partnership engaged
23 in this state in the practice of public accounting shall [MAY] regis-
24 ter biennially with the board as a partnership of certified public
25 accountants and meet [IF IT MEETS] the following requirements:

26 (1) at least one general partner must be a certified public
27 accountant holding a permit to practice under this chapter [OF THIS
28 STATE IN GOOD STANDING];

29 (2) each partner must be a certified public accountant of

1 some state in good standing; [AND]

2 (3) [EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,] each
3 resident manager in charge of an office of the partnership [A FIRM] in
4 this state, and each partner personally engaged in this state in the
5 practice of public accounting as a member of that partnership [FIRM]
6 must be a certified public accountant holding a permit to practice
7 under this chapter; and

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

11 (b) A corporation organized for the practice of public account-
12 ing shall [MAY] register biennially with the board as a corporation of
13 certified public accountants and meet [IF IT MEETS] the following
14 requirements:

15 (1) the principal [SOLE] purpose and business of the corpo-
16 ration must be to furnish [TO THE PUBLIC] services consistent [NOT
17 INCONSISTENT] with this chapter and [OR] the regulations adopted
18 [PROMULGATED] under it [BY THE BOARD; HOWEVER, THE CORPORATION MAY
19 INVEST ITS FUNDS IN A MANNER NOT INCOMPATIBLE WITH THE PRACTICE OF
20 PUBLIC ACCOUNTING];

21 (2) each shareholder of the corporation must be a certified
22 public accountant of some state [IN GOOD STANDING] and must be prin-
23 cipally employed by the corporation or actively engaged in its busi-
24 ness; another [NO OTHER] person may not have an [ANY] interest in the
25 stock of the corporation; the principal officer of the corporation and
26 any officer or director having authority over the practice of public
27 accounting by the corporation must be [A] certified public accountants
28 [ACCOUNTANT] of some state in good standing;

29 (3) at least one shareholder of the corporation must be a

1 certified public accountant holding a permit to practice under this
2 chapter [OF THIS STATE IN GOOD STANDING];

3 (4) [EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,] each
4 resident manager in charge of an office of the corporation in this
5 state and each shareholder or director personally engaged in this
6 state in the practice of public accounting must be a certified public
7 accountant holding a permit to practice under this chapter [OF THIS
8 STATE IN GOOD STANDING];

9 (5) to facilitate compliance with the provisions of this
10 section relating to the ownership of stock, there must be a written
11 agreement binding the corporation or the qualified shareholders to
12 purchase shares offered for sale by, or not under the ownership or
13 effective control of, a qualified shareholder and binding a holder not
14 a qualified shareholder to sell these shares to the corporation or the
15 qualified shareholders; the agreement must be noticed on each certifi-
16 cate of corporate stock; the corporation may purchase any amount of
17 its stock for this purpose, notwithstanding any impairment of capital,
18 so long as one share remains outstanding;

19 (6) the corporation must comply [BE IN COMPLIANCE] with
20 [THOSE] other regulations pertaining to corporations practicing public
21 accounting in this state that the board may adopt [PRESCRIBE].

22 (c) Application for registration must be made upon the affidavit
23 of a general partner or shareholder who is a certified public accoun-
24 tant holding a permit to practice under this chapter [OF THIS STATE IN
25 GOOD STANDING]. The board shall in each case determine whether the
26 applicant is eligible for registration. A partnership or corporation
27 registered under this section shall notify the board within 30 days
28 [WHICH IS SO REGISTERED AND WHICH HOLDS A PERMIT ISSUED UNDER AS 08.-
29 04.400 MAY USE THE WORDS "CERTIFIED PUBLIC ACCOUNTANTS" OR THE

1 ABBREVIATION "CPAs" IN CONNECTION WITH ITS PARTNERSHIP OR CORPORATE
2 NAME. NOTIFICATION SHALL BE GIVEN THE BOARD, WITHIN ONE MONTH,] after
3 the admission or withdrawal of a partner or shareholder [FROM A PART-
4 NERSHIP OR CORPORATION REGISTERED UNDER THIS SECTION].

5 * Sec. 16. AS 08.04 is amended by adding a new section to read:

6 Sec. 08.04.245. REGISTRATION AND NOTIFICATION FEE. The board
7 shall establish fees by regulation for the registration of a partner-
8 ship or corporation and for notification of the board of the admission
9 or withdrawal of a partner or shareholder. The applicant shall pay the
10 fee when the applicant files the registration form or notice of admis-
11 sion or withdrawal with the board.

12 * Sec. 17. AS 08.04.350 is amended to read:

13 Sec. 08.04.350. REGISTRATION OF OFFICES. Each office estab-
14 lished or maintained in this state for the practice of public account-
15 ing in this state (1) by a certified public accountant, partnership or
16 corporation of certified public accountants, or (2) by a public ac-
17 countant, partnership or corporation of public accountants who hold
18 licenses or permits under AS 08.04.661, shall register biennially
19 [ANNUALLY] with the board. [NO FEE MAY BE CHARGED FOR REGISTRATION.]
20 The board shall adopt [PRESCRIBE] registration procedures [PROCEDURE]
21 by regulation.

22 * Sec. 18. AS 08.04.350 is amended by adding a new subsection to read:

23 (b) The board shall establish by regulation the fee for the
24 registration of an office under this section. The applicant shall pay
25 the fee when the applicant files the registration form with the board.

26 * Sec. 19. AS 08.04.370 is amended to read:

27 Sec. 08.04.370. USE OF TITLE "CERTIFIED PUBLIC ACCOUNTANT" BY
28 REGISTERED OFFICE. The title "certified public accountant" or the
29 abbreviation "CPA" may [SHALL] not be used in connection with an

1 office registered under this chapter unless the office is under the
2 direct supervision of a person who holds a permit to practice under
3 this chapter [THE "PERSON IN RESIDENCE" REQUIRED BY AS 08.04.360 IS A
4 CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE].

5 * Sec. 20. AS 08.04.450 is amended to read:

6 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, [LI-
7 CENSE,] REGISTRATION OR PERMIT. After notice and hearing under
8 AS 08.04.485, the [THE] board may, for a period not to exceed two
9 years, revoke or suspend a certificate issued under this chapter [OR
10 LICENSE,] or may, for a period not to exceed two years, revoke, sus-
11 pend, or refuse to renew a [ANY] permit or registration issued under
12 this chapter, or may censure a [ANY] certificate holder, licensee,
13 registrant, or permit holder for

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

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

20 (3) violation of this chapter [ANY PROVISION OF AS 08.-
21 04.500 - 08.04.610];

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

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

28 (6) [CONVICTION OF ANY CRIME, AN ESSENTIAL ELEMENT OF WHICH
29 IS DISHONESTY OR FRAUD, UNDER THE LAWS OF ANY STATE OR OF THE UNITED

1 STATES;

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

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

9 (9) REPEALED

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

14 * Sec. 21. AS 08.04.470 is amended to read:

15 Sec. 08.04.470. REVOCATION OR SUSPENSION OF PARTNERSHIP OR
16 CORPORATE REGISTRATION OR PERMIT. After notice and hearing under
17 AS 08.04.485, the [THE] board shall revoke the registration and permit
18 to practice of a partnership or corporation if [AT ANY TIME] it does
19 not meet the qualifications prescribed by [THE SECTIONS OF] this
20 chapter under which it qualified for registration.

21 * Sec. 22. AS 08.04.480 is amended to read:

22 Sec. 08.04.480. GROUNDS FOR REVOCATION OR SUSPENSION OF PARTNER-
23 SHIP OR CORPORATE PERMIT. After notice and hearing under AS 08.04.-
24 485, the [THE] board may revoke or suspend the registration and permit
25 to practice of a partnership or corporation, may revoke, suspend or
26 refuse to renew its permit to practice, or may censure the partnership
27 or corporation for any of the causes enumerated in AS 08.04.450 and
28 AS 08.04.470 [08.04.460], or for [ANY OF] the following additional
29 causes:

1 (1) the revocation or suspension of the certificate [,
2 LICENSE] or registration of a [ANY] partner or shareholder;

3 (2) the revocation, suspension, or refusal to renew the
4 permit to practice of a [ANY] partner or shareholder;

5 (3) the cancellation, revocation, suspension, or refusal to
6 renew the authority of the partnership or a [ANY] partner or the
7 corporation or a shareholder to practice public accounting in another
8 [ANY OTHER] state for a [ANY] cause other than failure to pay a [AN
9 ANNUAL REGISTRATION] fee or to meet continuing education requirements
10 [IN THAT STATE].

11 * Sec. 23. AS 08.04 is amended by adding new sections to read:

12 Sec. 08.04.485. HEARINGS. (a) The board may initiate proceed-
13 ings under AS 08.04.450 - 08.04.480 on its own motion, on receiving a
14 complaint, or on receiving notice from another state board of accoun-
15 tancy of its decision to

16 (1) revoke, suspend, or refuse to renew practice privileges
17 granted in the other state to a holder of a certificate, registration,
18 or permit issued under this chapter;

19 (2) censure a person who holds a permit to practice under
20 this chapter.

21 (b) The board shall serve a written notice personally or by
22 registered mail addressed to the accused at the address last known to
23 the board at least 30 days before the hearing. The notice must in-
24 clude a statement of the nature of the charges and the time and place
25 of the hearing.

26 (c) If, after having been served with notice, the accused fails
27 to appear at the hearing, the board may proceed to hear the evidence
28 and may enter an order justified by the evidence. The order is final
29 unless the accused petitions for a review. However, within 30 days

1 after the date of an order, upon a showing of good cause for failing
2 to appear, the board may reopen the proceeding and permit the accused
3 to submit evidence.

4 (d) The accused may appear in person at a hearing, be repre-
5 sented by counsel, produce evidence and witnesses, crossexamine wit-
6 nesses, and examine evidence produced against the accused. A partner-
7 ship may be represented before the board by counsel or by a partner.
8 A corporation may be represented before the board by counsel or by a
9 shareholder.

10 (e) The board or a member of the board may issue subpoenas to
11 compel the attendance of witnesses and the production of documents,
12 administer oaths, take testimony, hear evidence, and receive exhibits
13 in evidence. On application of the accused, the board shall issue
14 subpoenas to compel the attendance of witnesses. If a subpoena is not
15 obeyed, the board may invoke the aid of the court in requiring the
16 attendance and testimony of witnesses and the production of documen-
17 tary evidence.

18 (f) A hearing under this section is not limited by technical
19 rules of evidence and is not subject to the Administrative Procedure
20 Act (AS 44.62).

21 (g) The board shall make and preserve a record of a hearing.

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

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

25 Sec. 08.04.486. REVIEW. (a) A person adversely affected by an
26 order of the board after a hearing under AS 08.04.485 may petition for
27 court review within 30 days after the entry of the order. A copy of
28 the petition shall be served on a member of the board. Upon service
29 of the petition on the board, the board shall certify and file in the

1 court a transcript of the record upon which the order was entered.

2 (b) Review under this section shall be de novo on the record.
3 The parties may not introduce new or additional evidence but may file
4 briefs with the court in support of their arguments.

5 (c) The court may affirm, modify, or set aside the order of the
6 board in whole or in part or may remand the case to the board for
7 further evidence. The court may stay the effect of the order pending
8 its determination of the case.

9 Sec. 08.04.487. NOTICE OF DISCIPLINARY ACTION TO OTHER STATES.
10 Upon taking disciplinary action under AS 08.04.450 - 08.04.480, the
11 board shall determine whether the person disciplined holds a certifi-
12 cate, registration or permit to practice public accounting in another
13 state. If the person holds a certificate, registration or permit, the
14 board shall notify the board of accountancy of the other state in
15 writing within 30 days of the disciplinary action taken against the
16 person.

17 * Sec. 24. AS 08.04.500(a) is amended to read:

18 (a) An individual, partnership, or corporation [A PERSON] may
19 not assume or use the title or designation "certified public accoun-
20 tant" or the abbreviation "CPA" or any other title, designation, word,
21 letter, abbreviation, sign, card, or device tending to indicate that
22 person is a certified public accountant, or that the partnership or
23 corporation is composed of certified public accountants, unless

24 (1) the individual [PERSON] has received a certificate of
25 "Certified Public Accountant" or is licensed in another state as a
26 certified public accountant; or

27 (2) the partnership or corporation is registered and holds
28 a permit to practice under this chapter, is practicing under its
29 registered name, and its offices in this state for the practice of

1 public accounting are maintained and registered as required by this
2 chapter [, HOLDS A PERMIT ISSUED UNDER AS 08.04.390 - 08.04.440,
3 HEREINAFTER REFERRED TO AS A "LIVE" PERMIT, AND ALL OF THE PERSON'S
4 OFFICES IN THIS STATE FOR THE PRACTICE OF PUBLIC ACCOUNTING ARE MAIN-
5 TAINED AND REGISTERED AS REQUIRED BY AS 08.04.350 - 08.04.380].

6 * Sec. 25. AS 08.04.500(b) is repealed and reenacted to read:

7 (b) In addition to the requirements of (a) of this section, a
8 person who is offering auditing, bookkeeping, tax, or other financial
9 services to the public may not display a "Certified Public Accountant"
10 certificate or use the title or designation "CPA" or any other title,
11 designation, word, letter, abbreviation, sign, card or device tending
12 to indicate that the person is a certified public accountant unless
13 that person holds a permit to practice under this chapter.

14 * Sec. 26. AS 08.04.520 is amended to read:

15 Sec. 08.04.520. [INDIVIDUAL] POSING AS PUBLIC ACCOUNTANT. An
16 individual, partnership or corporation [A PERSON] may not assume or
17 use the title or designation "public accountant" or the abbreviation
18 "PA" or other title, designation, word, letter, abbreviation, sign,
19 card, or device tending to indicate that the individual [THAT PERSON]
20 is a public accountant, or that the partnership or corporation is
21 composed of public accountants, unless

22 (1) the individual [PERSON] holds a [LIVE] permit to prac-
23 tice under this chapter and the individual's [PERSON'S] offices in
24 this state for the practice of public accounting are maintained and
25 registered as required by AS 08.04.350 - 08.04.370; or

26 (2) the partnership or corporation holds a permit to prac-
27 tice under this chapter, is practicing under its registered name, and
28 its office in this state for the practice of public accounting is
29 maintained and registered as required by AS 08.04.350 - 08.04.370

1 [AS 08.04.350 - 08.04.380].

2 * Sec. 27. AS 08.04.560 is amended to read:

3 Sec. 08.04.560. INDIVIDUAL MAY NOT ASSUME TITLE. A person may
4 not sign or affix a [ANY NAME OR ANY] trade or assumed name used by
5 that person to any accounting or financial statement [, OR OPINION OR
6 REPORT ON ANY ACCOUNTING OR FINANCIAL STATEMENT] with any wording
7 indicating that the person is a certified public accountant or public
8 accountant or with any wording indicating that the person has expert
9 knowledge in accounting or auditing, unless the person holds a [LIVE]
10 permit to practice under this chapter and the person's offices in this
11 state for the practice of public accounting are maintained and regis-
12 tered under AS 08.04.350 - 08.04.370 [AS REQUIRED BY AS 08.04.350 -
13 08.04.380].

14 * Sec. 28. AS 08.04.580 is amended to read:

15 Sec. 08.04.580. PARTNERSHIP OR CORPORATION POSING AS ACCOUNTANTS
16 OR AUDITORS. A person may not sign, associate, or affix a partnership
17 or corporate name with any wording indicating that it is a partnership
18 or corporation composed of accountants or auditors or persons having
19 expert knowledge in accounting or auditing to any accounting or finan-
20 cial statement, or to any opinion or [, ON,] report on or certificate
21 to any accounting or financial statement unless the partnership or
22 corporation holds a [LIVE] permit to practice under this chapter, is
23 practicing under its registered name, and its offices in this state
24 for the practice of public accounting are maintained and registered
25 under AS 08.04.350 - 08.04.370. A person may not indicate that a
26 corporation is performing services as accountants or auditors unless
27 the corporation meets the requirements of this section [AS REQUIRED BY
28 AS 08.04.350 - 08.04.380].

29 * Sec. 29. AS 08.04.620 is amended to read:

1 Sec. 08.04.620. EXCEPTIONS. Nothing in this chapter prohibits
2 (1) a person not a certified public accountant or public
3 accountant from serving as an employee of or as an assistant to a
4 [ANY] person, partnership or corporation holding a [LIVE] permit to
5 practice under this chapter so long as the person [EMPLOYEE OR ASSIS-
6 TANT] does not use the person's [EMPLOYEE'S OR THE ASSISTANT'S] name
7 in connection with an [ANY] accounting or financial statement;

8 (2) a person licensed or certified as a certified public
9 accountant or public accountant in another state from indicating that
10 the person [CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT] holds a
11 certificate or license entitling the person [CERTIFIED PUBLIC ACCOUN-
12 TANT OR PUBLIC ACCOUNTANT] to that designation; however [IF THE CER-
13 TIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT HOLDS A VALID CERTIFI-
14 CATE OR LICENSE IN ANY STATE, BUT] the person may [SHALL] not indicate
15 that services are available to the public unless the person [CERTIFIED
16 PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT] holds a [LIVE] permit to
17 practice [ISSUED] under this chapter;

18 (3) a holder of a certificate, license, or degree from a
19 foreign country that [WHICH] constitutes a recognized qualification
20 for the practice of public accounting in that country from indicating
21 that the person holds the certificate, license, or degree; however [,
22 BUT] the person may [SHALL] not indicate that the person's services
23 are available to the public unless the person holds a [LIVE] permit to
24 practice [ISSUED] under this chapter.

25 * Sec. 30. AS 08.04.620 is amended by adding new paragraphs to read:

26 (4) an accountant, partnership or corporation holding a
27 certificate or permit under this chapter, or any of their employees,
28 from disclosing information in confidence to other accountants, part-
29 nerships or corporations holding certificates or licenses under this

1 chapter engaged in conducting public accounting reviews or any of
2 their employees in connection with reviews of public accounting and
3 auditing practice conducted by a recognized professional association;

4 (5) an accountant, partnership or corporation holding a
5 certificate or permit under this chapter, or any of their employees,
6 from disclosing information in confidence to a recognized professional
7 association, or a person or committee authorized by the association in
8 connection with a professional ethics investigation;

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

17 (A) is a certified public accountant or public accoun-
18 tant, or is composed of certified public accountants or public
19 accountants; or

20 (B) has expert knowledge in accounting or auditing
21 unless the person, partnership, or corporation holds a permit to
22 practice under this chapter.

23 * Sec. 31. AS 08.04.630 is amended to read:

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

1 act, the court shall grant an injunction or [ANY] other appropriate
2 order without bond.

3 * Sec. 32. AS 08.04.640 is amended to read:

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

13 * Sec. 33. AS 08.04.650 is amended to read:

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

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

1 * Sec. 34. AS 08.04.660 is amended to read:

2 Sec. 08.04.660. OWNERSHIP OF ACCOUNTANT'S WORKING PAPERS.
3 Statements, records, schedules, working papers, and memoranda made by
4 a certified public accountant or [,] public accountant [, OR REGIS-
5 TERED FOREIGN ACCOUNTANT] incident to or in the course of professional
6 service to a client, except reports submitted to a client, are the
7 property of the accountant [,] in the absence of an express agreement
8 between the accountant and the client to the contrary. A [NO] state-
9 ment, record, schedule, working paper, or memorandum may not be sold,
10 transferred, or bequeathed to a person other than a partner of the
11 accountant, the accountant's corporation, or the successor in interest
12 to the partnership or corporation without the consent of the client or
13 the client's personal representative or assignee.

14 * Sec. 35. AS 08.04 is amended by adding a new section to read:

15 Sec. 08.04.663. CONFIDENTIAL COMMUNICATIONS. (a) A certified
16 public accountant, public accountant, partnership or corporation of
17 certified public accountants, partnership or corporations of public
18 accountants, or any of their employees may not disclose confidential
19 information obtained in the course of performing professional public
20 accounting services except with the consent of the client or former
21 client, or as disclosure may be required by law, legal process, the
22 standards of the profession, or as permitted under AS 08.04.620(4) or
23 (5).

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

1 or before an administrative agency from disclosing confidential infor-
2 mation as part of a defense to the court action or administrative
3 proceeding.

4 * Sec. 36. AS 08.04.680 is amended by adding new paragraphs to read:

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

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

16 (7) "practice of public accounting" means the performing or
17 offering to perform one or more services involving the use of account-
18 ing or auditing skills, including issuing reports on financial state-
19 ments or management, advising or consulting on the preparation of tax
20 returns, or advising on tax matters;

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

26 * Sec. 37. A member of the Board of Public Accountancy serving on the
27 effective date of this Act shall serve until the term expires. The gover-
28 nor shall appoint a new member under AS 08.04.020 as amended by sec. 2 of
29 this Act.

1 * Sec. 38. AS 08.04.050, 08.04.070(f), 08.04.110, 08.04.120, 08.04.140,
2 08.04.150, 08.04.170, 08.04.180, 08.04.200, 08.04.260, 08.04.360, 08.04.-
3 380 - 08.04.420, 08.04.425(d)(2)(A), 08.04.430, 08.04.440, 08.04.460,
4 08.04.510, 08.04.530, 08.04.540, 08.04.590, 08.04.600, 08.04.680(3), and
5 AS 44.62.330(a)(12) are repealed.
6 * Sec. 39. This Act takes effect January 1, 1986.