

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2381 Session of
1976

INTRODUCED BY BENNETT, PRENDERGAST, SHELTON, RIEGER, BUTERA,
CRAWFORD AND HEPFORD, MAY 13, 1976

REFERRED TO COMMITTEE ON PROFESSIONAL LICENSURE, MAY 17, 1976

AN ACT

1 Reenacting and amending the act of May 26, 1947 (P.L.318,
2 No.140), entitled "An act relating to the public practice of
3 certified public accountants; providing for the certification
4 of persons desiring to practice and the listing of persons
5 engaged in practicing as certified public accountants, and
6 for the suspension and revocation of such certificates,
7 subject to appeal and for their reinstatement; prescribing
8 the powers and duties of the State Board of Examiners of
9 Public Accountants and the Department of Public Instruction;
10 providing for ownership of working papers; defining unlawful
11 acts and acts not unlawful; providing penalties, and
12 repealing existing laws,"

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The title and section 1, act of May 26, 1947
16 (P.L.318, No.140), known as "The C. P. A. Law," are reenacted
17 and amended to read:

18 AN ACT

19 Relating to the public practice of certified public accountants;
20 providing for the certification of persons desiring to
21 practice, the registrations of public accountants, requiring
22 continuing education for registrants, and the listing of
23 persons engaged in practicing as certified public accountants

1 and public accountants, and for the suspension and revocation
2 of such certificates, subject to appeal and for their
3 reinstatement; prescribing the powers and duties of the State
4 Board of Examiners of Public Accountants and the [Department
5 of Public Instruction] Department of State; providing for
6 ownership of working papers; defining unlawful acts and acts
7 not unlawful; providing penalties, and repealing existing
8 laws.

9 Section 1. Short Title.--This act shall be known and may be
10 cited as "The C. P. A. Law."

11 Section 2. Sections 2, 3, 3.1, 4, 5 and 6 of the act,
12 amended December 30, 1974 (P.L.1122, No.362), are reenacted and
13 amended to read:

14 Section 2. Definitions.--The following words and phrases
15 when used in this act shall have the meanings ascribed to them
16 in this section:

17 [(1)] "Board" The State Board of Examiners of Public
18 Accountants as constituted by The Administrative Code of 1929
19 and its amendments.

20 "Certified public accountant" Persons to whom a certificate
21 of certified public accountant has been issued under "The C. P.
22 A. Law" and partnerships, professional corporations or
23 professional associations, composed of certified public
24 accountants, which if engaged in the practice of public
25 accounting, are registered and are holders of live permits as
26 herein provided.

27 "Corporations" Professional corporations and professional
28 associations as defined by the act of July 9, 1970 (P.L.461,
29 No.160), known as the "Professional Corporation Law," and the
30 act of August 7, 1961 (P.L.941, No.416), known as the

1 "Professional Association Act," and any amendments thereof.

2 [(2)] "Department" The Commissioner of Professional and
3 Occupational Affairs in the Department of State of this
4 Commonwealth as constituted by The Administrative Code of 1929
5 and its amendments.

6 "In good standing" The holder of a certificate of certified
7 public accountant, registration or permit which is not revoked
8 or suspended or the holder of a registration or permit issued to
9 a public accountant registered under this act which is not
10 revoked or suspended.

11 "Masculine terms" shall also include the feminine.

12 "Public accountant" Persons who are qualified and accepted
13 for registration in accordance with this act and partnerships,
14 professional corporations or professional associations engaged
15 in practice as public accountants which are registered and are
16 holders of live permits as herein provided.

17 Section 3. General Powers of the Board.--The Board shall
18 have the power:

19 (1) To provide for and to regulate the issuance of
20 certificates and issue a certificate of certified public
21 accountant to any person (a) who meets the general
22 qualifications and education and experience requirements
23 provided herein and who passes the examination required by the
24 board, or (b) who meets the requirements for the issuance of a
25 certificate by reciprocity.

26 (2) To provide for and to regulate registration and permits
27 to practice as provided herein.

28 (3) To prescribe the subject, manner, time and place of
29 examination for the certificate of certified public accountant:
30 Provided, That an examination shall be held at least twice in

1 each calendar year, and simultaneously in at least two counties
2 of the Commonwealth, and shall be a written examination in
3 general accounting, theory of accounts, accounting practice,
4 auditing and such other subjects as the board shall determine to
5 be appropriate. The board may make such use of all or any part
6 of the Uniform Certified Public Accountants' examination and/or
7 Advisory Grading service of the American Institute of Certified
8 Public Accountants as it deems appropriate to assist in
9 performing its duties hereunder.

10 (4) To keep a roster showing the names and the places of
11 business of persons to whom the certificate of certified public
12 accountant has been issued under this act and under prior laws
13 and [of persons, professional corporations or professional
14 associations] all others registered [under this act and of all
15 persons, professional corporations or professional associations]
16 or holding permits under this act. The department shall publish
17 such roster biennially in booklet form and shall mail copies
18 thereof to all permit holders listed and shall furnish the same
19 to others upon request.

20 (5) To suspend for a fixed term or revoke the certificate
21 and permit of any certified public accountant or the
22 registration and permit of [a person or professional corporation
23 or professional association] all others registered under this
24 act or to censure the holder of such certificate, registration
25 or permit as provided for in this act.

26 (6) To collect fees as provided for in this act and to
27 submit annually, to the department an estimate of the financial
28 requirements of the board for its administrative, investigative,
29 legal and miscellaneous expenses.

30 (7) To arrange for assistance in the performance of its

1 duties, and to administer and enforce the laws of the
2 Commonwealth relating to registration of and practice by
3 certified public accountants, and all others registered or
4 holding permits under this act and to instruct and require its
5 agents to seek an injunction, or bring a prosecution for a
6 violation of this act.

7 (8) To keep minutes and records of all its transactions and
8 proceedings. Copies thereof duly certified by the Secretary of
9 the board shall be received as evidence in all courts and
10 elsewhere.

11 (9) To become a member of the National Association of State
12 Boards of Accountancy, or a similar organization, and pay such
13 dues as said association shall establish and send delegates to
14 the meetings of the association and defray their expenses.

15 (10) [To adopt, promulgate and enforce such administrative
16 rules and regulations not inconsistent with this act, or other
17 acts, as are necessary and proper to carry into effect the
18 provisions of this act.] To adopt, promulgate and enforce such
19 rules and regulations consistent with the provisions of this act
20 establishing requirements of continuing education to be met by
21 certified public accountants, public accountants and foreign
22 accountants registered under this act as a condition for renewal
23 of biennial permits to engage in the practice of public
24 accounting in this Commonwealth.

25 (11) To promulgate and amend rules of professional conduct,
26 uniformly applicable to certified public accountants, foreign
27 accountants and public accountants registered under this act,
28 appropriate to establish and maintain a high standard of
29 integrity and dignity in the profession of public [accountancy]
30 accounting. The board may, in its discretion, adopt as its rules

1 of professional conduct the Code of Professional Ethics of the
2 Pennsylvania Institute of Certified Public Accountants or any
3 part thereof.

4 (12) To adopt, promulgate and enforce such administrative
5 rules and regulations not inconsistent with this act, or other
6 acts, as are necessary and proper to carry into effect the
7 provisions of this act.

8 Section 3.1. General Qualifications.--A person shall be
9 permitted to take the examination for the certificate of
10 certified public accountant and the certificate of certified
11 public accountant shall be granted by the board to any person
12 (a) who is a resident of this Commonwealth, is enrolled in a
13 college or university in this Commonwealth, or is engaged in
14 public accounting therein at the time he first sits for the
15 examination, and (b) who has attained the age of eighteen years
16 and (c) who is of good moral character, and (d) who meets the
17 requirements of education and experience as hereinafter provided
18 and (e) who, with respect to granting a certificate shall have
19 passed a written examination in general accounting, theory of
20 accounts, accounting practice, auditing and such other subjects
21 as the board shall determine to be appropriate.

22 Section 4. Education and Experience Requirements.--(a)
23 Before any person is permitted to take the examination or is
24 issued a certificate of certified public accountant, the board
25 shall be satisfied that he has complied with the following
26 requirements:

27 (1) Graduation with a baccalaureate degree from a college or
28 university approved at the time of graduation by Department of
29 Education, pursuant to policies and standards promulgated by the
30 State Board of Education, or an education which is the

1 equivalent thereof, and completion of at least twelve semester
2 credits in accounting subjects of a content satisfactory to the
3 board, not necessarily as part of his undergraduate work, and at
4 least two years of public accounting experience of a caliber
5 satisfactory to the board, or

6 (2) Graduation with a Master's Degree in Accounting or
7 Business Administration or an equivalent Master's Degree from a
8 college or university approved at the time of graduation by
9 Department of Education, pursuant to policies and standards
10 promulgated by the State Board of Education, and completion of
11 at least twelve semester credits in accounting subjects of a
12 content satisfactory to the board, not necessarily as part of
13 his undergraduate or graduate work, and at least one year of
14 public accounting experience of a caliber satisfactory to the
15 board.

16 (3) Subject to the general qualifications of section 3.1,
17 the board may issue a certificate of certified public accountant
18 to a person who has qualified for permission to take the
19 examination under section 4(a)(1) or (2) provided he has passed
20 the written examination of the board in general accounting,
21 theory of accounts, accounting practice, auditing and such other
22 subjects as the board shall determine to be appropriate.

23 (b) As an alternative to sections 4(a)(1) and (2), a person
24 may be permitted to take the examination without meeting the
25 experience requirements as provided in sections 4(b)(3) and (4)
26 hereof, if the board shall be satisfied that he has complied
27 with one of the following requirements:

28 (1) Graduation with a baccalaureate degree from a college or
29 university approved at the time of graduation by the Department
30 of Education, or an education which is the equivalent thereof,

1 and completion of at least twenty-four semester credits in
2 accounting subjects of a content satisfactory to the board, not
3 necessarily as a part of his undergraduate work, or

4 (2) Graduation with a Master's Degree or a Doctor's Degree
5 from a college or university approved at the time of graduation
6 by the Department of Education and completion of at least
7 twenty-four semester credits in accounting subjects of a content
8 satisfactory to the board, not necessarily as part of his
9 undergraduate or graduate work.

10 (3) Subject to the general qualifications of section 3.1,
11 the board may issue a certificate of certified public accountant
12 to a person who has qualified for permission to take the
13 examination under section 4(b)(1) provided he has passed the
14 written examination of the board in general accounting, theory
15 of accounts, accounting practice, auditing and such other
16 subjects as the board shall determine to be appropriate and,
17 further provided he has at least two years of public accounting
18 experience of a caliber satisfactory to the board.

19 (4) Subject to the general qualifications of section 3.1,
20 the board may issue a certificate of certified public accountant
21 to a person who has qualified for permission to take the
22 examination under section 4(b)(2) provided he has passed the
23 written examination of the board in general accounting, theory
24 of accounts, accounting practice, auditing and such other
25 subjects as the board shall determine to be appropriate, further
26 provided he has at least one year of public accounting
27 experience of a caliber satisfactory to the board.

28 (c) Notwithstanding the provisions of section 4[(a) and] (b)
29 above, the board may, in its discretion, permit an applicant to
30 take the examination during the final term, semester or quarter

1 of the school year in which he will graduate, if it is
2 reasonably expected that he will fulfill the educational
3 requirements of section 4(b) and receive the required degree:
4 Provided, however, That he must receive the required degree
5 within ninety days after the date of the examination in order to
6 fulfill the educational requirements set forth in [sections 4(a)
7 and (b)] section 4(b).

8 (d) Subject to such regulations as the board may adopt
9 governing reexaminations, a candidate shall be entitled to
10 retake the examination referred to in sections 4(a)(3), 4(b)(3)
11 and (4).

12 (e) Service in the Armed Forces of the United States
13 subsequent to July 1, 1940, shall be substituted for the
14 experience requirements in sections 4(a)(1) and 4(b)(3) above,
15 on the basis of one month's experience credit for each six
16 months' service: Provided, That the maximum credit for such
17 service shall be six months.

18 (f) A person who has previously taken the examination under
19 the provisions of a prior CPA Law of this Commonwealth shall
20 continue to be permitted to take the examination and receive a
21 certificate subject to such prior provisions.

22 Section 5. Certificates Issued by Reciprocity.--Without
23 requiring a written examination the board may, in its
24 discretion, issue a certificate of certified public accountant
25 to a holder of a certificate of certified public accountant then
26 in full force and effect issued as the result of a written
27 examination by any other state or political subdivision of the
28 United States: Provided, That the applicant shall submit
29 evidence satisfactory to the board that he possesses the general
30 qualifications specified in this act; [and] that he possesses

1 the equivalent of the education and experience requirements for
2 issuance of a certificate of certified public accountant in this
3 Commonwealth in effect at the time he received his original
4 certificate under the laws of such other state or political
5 subdivision of the United States or the education and experience
6 requirements in effect in this Commonwealth at the time of
7 filing his application for a reciprocal certificate; and that he
8 meets the continuing education requirements specified in section
9 8.2(b) of this act.

10 Section 6. Fees.--All fees required under the provisions of
11 this act shall be fixed by the department in accordance with
12 existing law. All fees collected under the provisions of this
13 act shall be received by the department and shall be paid into
14 the State Treasury through the Department of Revenue for the use
15 of the General Fund of the Commonwealth.

16 Section 3. Section 7 of the act, amended September 2, 1961
17 (P.L.1165, No.524), is reenacted to read:

18 Section 7. Status of Existing Certificates Preserved.--Any
19 person legally authorized to practice as a certified public
20 accountant in this Commonwealth at the time this act takes
21 effect shall thereafter possess the same rights and privileges
22 as persons to whom certificates of certified public accountant
23 shall be issued pursuant to this act, subject, however, to the
24 power of the board, as provided in this act, to suspend or
25 revoke the certificate of any such person or censure any such
26 person for any of the causes set forth in this act and subject
27 to the power of the board to provide for and to require permits
28 to practice.

29 Section 4. Sections 8.1 and 8.2 of the act, amended December
30 30, 1974 (P.L.1122, No.362), are amended to read:

1 Section 8.1. Registration of Foreign Accountants,
2 Partnerships, Professional Corporations, or Professional
3 Associations.--[(a)] The board may, in its discretion, permit
4 the registration of any person of good moral character, who is
5 the holder of a certificate, license or degree in a foreign
6 country, constituting a recognized qualification for the
7 practice of public accounting in such country, provided (i) such
8 country grants a similar right to practice to certified public
9 accountants of this Commonwealth, and (ii) the board determines
10 that the standards under which the applicant received such
11 certificate, license or degree are equivalent to the standards
12 of this act for the issuance of a certificate as a certified
13 public accountant in this Commonwealth. A person so registered
14 shall use only the title under which he is permitted to practice
15 in his own country, followed by the name of the country from
16 which he received his certificate, license or degree.

17 [(b) A professional corporation or a professional
18 association organized in this Commonwealth or any other state or
19 territory of the United States or District of Columbia, and
20 engaged in the practice of public accounting in this
21 Commonwealth as certified public accountants, shall register
22 with the board and file with the board a copy of its Articles of
23 Incorporation, or Articles of Association, and a copy of its
24 bylaws, and such professional corporation, or professional
25 association shall at all times have the following
26 characteristics:

27 (1) Name. The name under which the professional corporation
28 or professional association renders professional services shall
29 contain only the name of the certified public accountant in the
30 case of a sole practitioner, the names of one or more of the

1 present or former associates or shareholders or of partners who
2 were associated with a predecessor accounting firm. No name of a
3 professional corporation, or professional association shall
4 include the words certified public accountant, public
5 accountant, or any abbreviations thereof. Impersonal or
6 fictitious names, as well as names which indicate a specialty,
7 are prohibited.

8 (2) Purpose. The professional corporation, or professional
9 association shall not provide services that are incompatible
10 with the practice of public accounting.

11 (3) Ownership. All shareholders of the professional
12 corporation or associates of the professional association shall
13 be persons duly qualified to practice as certified public
14 accountants in a state or territory of the United States or the
15 District of Columbia, and engaged in the practice of public
16 accounting. At least one shareholder of a professional
17 corporation must be a certified public accountant of this
18 Commonwealth, and each shareholder thereof personally engaged
19 within this Commonwealth in the practice of public accounting as
20 a shareholder thereof, must be a certified public accountant of
21 this Commonwealth. Each manager in charge of an office of a
22 professional corporation in this Commonwealth must be a
23 certified public accountant of this Commonwealth in good
24 standing and the holder of a live permit issued under section
25 8.2 of this act. At least one associate of a professional
26 association must be a certified public accountant of this
27 Commonwealth and each associate thereof personally engaged
28 within this Commonwealth in the practice of public accounting as
29 an associate thereof, must be a certified public accountant of
30 this Commonwealth. Each manager in charge of an office of a

1 professional association in this Commonwealth must be a
2 certified public accountant of this Commonwealth in good
3 standing and the holder of a live permit issued under section
4 section 8.2 of this act. Shareholders or associates shall at all
5 times own their shares or interest in their own right and shall
6 be the real and beneficial owners of such equity capital or
7 interest ascribed to them.

8 (4) Retention and Transfer of Shares. In the case of
9 professional corporations, transfer of shares shall be in
10 accordance with the provisions of the act of July 9, 1970
11 (P.L.461, No.160), known as the "Professional Corporation Law."
12 In the case of professional associations, provisions shall be
13 made requiring any associate who ceases to be eligible to be an
14 associate to dispose of all of his interest within a reasonable
15 period to a person qualified to be an associate or to the
16 association. If mutual agreement cannot be reached, and if the
17 method of determining the sale price of the interest of an
18 associate is not expressed in the articles of association, the
19 fair value of such interest shall be determined by the American
20 Arbitration Association.

21 (5) Directors and Officers. The principal executive officer
22 of a professional corporation shall be a shareholder and a
23 director, and to the extent possible, all other directors and
24 officers shall be certified public accountants. The principal
25 executive officer of a professional association shall be an
26 associate and a governor and, to the extent possible, all other
27 governors and officers shall be certified public accountants.
28 Lay directors, governors, and officers shall not exercise any
29 authority whatsoever over professional matters.

30 (6) Conduct. The right to practice as a professional

1 corporation or professional association shall not change the
2 obligation of its shareholders, directors, officers, associates,
3 or board of governors and other employees to comply with the
4 rules of professional conduct promulgated by the board.

5 (7) Liability. In addition to the liability provisions of
6 the "Professional Corporation Law," the professional corporation
7 shall carry professional liability insurance or maintain
8 unimpaired capital in accordance with regulations promulgated by
9 the board. In addition to the liability provisions of the act of
10 August 7, 1961 (P.L.941, No.416), known as the "Professional
11 Association Act," the professional association shall carry
12 professional liability insurance or maintain unimpaired capital
13 in accordance with regulations promulgated by the board.
14 Liability shall not be limited by the formation of subsidiary or
15 affiliated corporations or associations each with its own
16 limited and unrelated liability.]

17 Section 8.2. Permits to Practice.--(a) Biennial permits to
18 engage in practice in this Commonwealth [as certified public
19 accountants, or to practice as designated in section 8.1 of this
20 act,] shall be issued by the department to (i) holders of the
21 certificate of certified public accountant issued by this
22 Commonwealth, foreign accountants and public accountants
23 registered under sections 8.1 and 8.7 respectively of this act
24 who shall have furnished evidence satisfactory to the board of
25 compliance with the requirements of subsection (b) of this
26 section and (ii) [to persons, professional corporations or
27 professional associations] partnerships and corporations
28 registered under [section 8.1] sections 8.3 to 8.6 of this act.
29 There shall be a biennial permit fee in an amount to be
30 determined, from time to time, by the department not to exceed

1 [ten dollars (\$10)] twenty-five dollars (\$25). Permits to
2 practice shall expire on the last day of August of [1974] 1976
3 and on the last day of August of alternate years thereafter, or
4 on such other biennial expiration dates as the department may
5 fix. Permits may be renewed, biennially, for a period of two
6 years by such certificate holders and registrants in good
7 standing upon payment of the biennial fee. Failure of a
8 certificate holder or registrant to apply for such permit to
9 practice within (a) three years from the expiration date of the
10 permit to practice last obtained or renewed, or (b) three years
11 from the date upon which the certificate holder or registrant
12 was granted his certificate or registration, if no permit was
13 ever issued, shall deprive the certificate holder or registrant
14 of the right to such permit: Provided, That a certified public
15 accountant or a public accountant registered under this act who
16 is not engaged in the practice of public accounting may request
17 the board, in writing, to place his name on the inactive roll
18 and thus protect his right to obtain a permit at such time as he
19 may become engaged in the practice of public accounting. The
20 board, in its discretion, may also review each case of failure
21 to apply for such biennial permit and determine whether such
22 failure was due to excusable neglect. In such case the renewal
23 fee or the fee for the issuance of the original permit, as the
24 case may be, shall be such amount as the department shall, from
25 time to time, determine.

26 (b) Effective with respect to biennial permits to be issued
27 for the two-year period beginning September 1, 1980 and for each
28 subsequent period, each certified public accountant, public
29 accountant and foreign accountant filing an application for a
30 permit or a renewal thereof to engage in the practice of public

1 accounting in this Commonwealth must, during the two-year period
2 immediately preceding a biennial date, complete eighty credit
3 hours of continuing education, as defined by and acceptable to
4 the board, which shall include a specified number of hours
5 dealing with accounting, auditing and tax subjects. No carry-
6 over of credits shall be permitted from one biennial permit
7 period to another.

8 (c) Failure by an applicant for renewal of his biennial
9 permit to furnish evidence of completion of eighty credit hours
10 of acceptable continuing education shall constitute grounds for
11 denial or refusal to renew such permit, unless the board, in its
12 discretion, shall determine such failure to have been due to
13 reasonable cause.

14 (d) In issuing rules, regulations and individual orders in
15 respect of requirements of continuing education, the board, in
16 its discretion, may among other things, use and rely upon
17 guidelines and pronouncements of recognized educational and
18 professional organizations; may prescribe for content, duration
19 and organization of courses; shall take into account the
20 accessibility of such continuing education as it may require,
21 and any impediments to interstate practice of public accounting
22 which may result from differences in such requirements in other
23 states; and may provide for relaxation or suspension of such
24 requirements in instances of individual hardship such as for
25 reasons of health, military service or other good cause.

26 Section 5. The act is amended by adding sections to read:

27 Section 8.3. Partnerships Composed Solely of Certified
28 Public Accountants.--A partnership composed solely of certified
29 public accountants engaged in this Commonwealth in the practice
30 of public accounting shall, within six (6) months after the

1 enactment of this act, register with the board as a partnership
2 of certified public accountants, provided it meets the following
3 requirements:

4 (1) At least one partner thereof must be a certified public
5 accountant of this Commonwealth in good standing and the holder
6 of a live permit issued under section 8.2 of this act, and

7 (2) Each partner thereof personally engaged within this
8 Commonwealth in the practice of public accounting as a member
9 thereof (i) must be a certified public accountant of this
10 Commonwealth in good standing and the holder of a live permit
11 issued under section 8.2 of this act, or (ii) must be a
12 certified public accountant of some state or political
13 subdivision of the United States in good standing and must have
14 filed with the board, but not have been refused by the board, an
15 application for a certificate of certified public accountant of
16 this Commonwealth by reciprocity and after having received such
17 certificate must have filed for, but not been refused, a permit
18 under section 8.2 of this act, and

19 (3) Each partner thereof engaged in the practice of public
20 accounting in the United States must be a certified public
21 accountant of some state or political subdivision of the United
22 States in good standing, and

23 (4) Each manager in charge of an office of a partnership in
24 this Commonwealth must be a certified public accountant of this
25 Commonwealth in good standing and the holder of a live permit
26 issued under section 8.2 of this act.

27 Section 8.4. Corporations Composed Solely of Certified
28 Public Accountants.--A professional corporation or a
29 professional association composed solely of certified public
30 accountants organized in this Commonwealth or any other state or

territory of the United States or District of Columbia, and
engaged in the practice of public accounting in this
Commonwealth as certified public accountants, shall register
with the board and file with the board a copy of its Articles of
Incorporation, or Articles of Association, and a copy of its
bylaws, and such professional corporation, or professional
association shall at all times have the following
characteristics:

(1) The name under which the professional corporation or
professional association renders professional services shall
contain only the name of the certified public accountant in the
case of a sole practitioner, the names of one or more of the
present or former associates or shareholders or of partners who
were associated with a predecessor accounting firm. No name of a
professional corporation, or professional association shall
include the words certified public accountant, public
accountant, or any abbreviations thereof. Impersonal or
fictitious names, as well as names which indicate a specialty,
are prohibited.

(2) The professional corporation, or professional
association shall not provide services that are incompatible
with the practice of public accounting.

(3) All shareholders of the professional corporation or
associates of the professional association shall be persons duly
qualified to practice as certified public accountants in a state
or territory of the United States or the District of Columbia,
and engaged in the practice of public accounting. At least one
shareholder of a professional corporation must be a certified
public accountant of this Commonwealth, and each shareholder
thereof personally engaged within this Commonwealth in the

1 practice of public accounting as a shareholder thereof, must be
2 a certified public accountant of this Commonwealth. Each manager
3 in charge of an office of a professional corporation in this
4 Commonwealth must be a certified public accountant of this
5 Commonwealth in good standing and the holder of a live permit
6 issued under section 8.2 of this act. At least one associate of
7 a professional association must be a certified public accountant
8 of this Commonwealth and each associate thereof personally
9 engaged within this Commonwealth in the practice of public
10 accounting as an associate thereof, must be a certified public
11 accountant of this Commonwealth. Each manager in charge of an
12 office of a professional association in this Commonwealth must
13 be a certified public accountant of this Commonwealth in good
14 standing and the holder of a live permit issued under section
15 8.2 of this act. Shareholders or associates shall at all times
16 own their shares or interest in their own right and shall be the
17 real and beneficial owners of such equity capital or interest
18 ascribed to them.

19 (4) In the case of professional corporations, transfer of
20 shares shall be in accordance with the provisions of the act of
21 July 9, 1970 (P.L.461, No.160), known as the "Professional
22 Corporation Law." In the case of professional associations,
23 provisions shall be made requiring any associate who ceases to
24 be eligible to be an associate to dispose of all of his interest
25 within a reasonable period to a person qualified to be an
26 associate or to the association. If mutual agreement cannot be
27 reached, and if the method of determining the sale price of the
28 interest of an associate is not expressed in the Articles of
29 Association, the fair value of such interest shall be determined
30 by the American Arbitration Association.

1 (5) The principal executive officer of a professional
2 corporation shall be a shareholder and a director, and to the
3 extent possible, all other directors and officers shall be
4 certified public accountants. The principal executive officer of
5 a professional association shall be an associate and a governor
6 and, to the extent possible, all other governors and officers
7 shall be certified public accountants. Lay directors, governors,
8 and officers shall not exercise any authority whatsoever over
9 professional matters.

10 (6) The right to practice as a professional corporation or
11 professional association shall not change the obligation of its
12 shareholders, directors, officers, associates, or board of
13 governors and other employees to comply with the rules of
14 professional conduct promulgated by the board.

15 (7) In addition to the liability provisions of the
16 "Professional Corporation Law," the professional corporation
17 shall carry professional liability insurance or maintain
18 unimpaired capital in accordance with regulations promulgated by
19 the board. In addition to the liability provisions of the act of
20 August 7, 1961 (P.L.941, No.416), known as the "Professional
21 Association Act," the professional association shall carry
22 professional liability insurance or maintain unimpaired capital
23 in accordance with regulations promulgated by the board.
24 Liability shall not be limited by the formation of subsidiary or
25 affiliated corporations or associations each with its own
26 limited and unrelated liability.

27 Section 8.5. Partnerships, Composed of Certified Public
28 Accountants and Public Accountants or Solely of Public
29 Accountants.--A partnership, composed of certified public
30 accountants and public accountants or solely of public

accountants, engaged in this Commonwealth in the practice of public accounting shall, within six (6) months after the enactment of this act, register with the board as a partnership of public accountants provided it meets the following requirements:

(1) At least one partner thereof must be a certified public accountant or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act, and

(2) Each partner thereof personally engaged within this Commonwealth in the practice of public accounting as a member thereof (i) must be a certified public accountant or a public accountant registered under this act, in good standing and the holder of a live permit issued under section 8.2 of this act, or (ii) must be a certified public accountant of some state or political subdivision of the United States in good standing and must have filed with the board, but not have been refused by the board, an application for certificate of certified public accountant of this Commonwealth by reciprocity and after having received such certificate, must have filed for, but not have been refused, a permit under section 8.2 of this act, and

(3) Each manager in charge of an office of a partnership in this Commonwealth must be a certified public accountant or a public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act.

Section 8.6. Corporations, Composed of Certified Public Accountants and Public Accountants or Solely of Public Accountants.--A professional corporation or a professional association, composed of certified public accountants and public accountants or solely of public accountants, organized under the

laws of this Commonwealth and engaged in the practice of public accounting in this Commonwealth as public accountants, shall, within twelve (12) months after the enactment of this act, register with the board and file with the board a copy of its Articles of Incorporation, or Articles of Association, and a copy of its bylaws, and such professional corporation, or professional association shall at all times have the following characteristics:

(1) The name under which the professional corporation or professional association render professional services shall contain only the name of the public accountant in the case of a sole practitioner, the names of one or more of the present or former associates or shareholders or of partners who were associated with a predecessor accounting firm. No name of a professional corporation, or professional association shall include the words certified public accountant, public accountant, or any abbreviations thereof. Impersonal or fictitious names, as well as names which indicate a specialty, are prohibited.

(2) The professional corporation or professional association shall not provide services that are incompatible with the practice of public accounting.

(3) All shareholders of the professional corporation or associates of the professional association shall be persons duly qualified to practice as certified public accountants in a state or territory of the United States or the District of Columbia, or as public accountants registered under this act, and engaged in the practice of public accounting. At least one shareholder of a professional corporation must be a certified public accountant, or a public accountant registered under this act and

1 each shareholder thereof personally engaged within this
2 Commonwealth in the practice of public accounting as a
3 shareholder thereof, must be a certified public accountant, or a
4 public accountant registered under this act. Each manager in
5 charge of an office of a professional corporation in this
6 Commonwealth must be a certified public accountant, or a public
7 accountant registered under this act, in good standing and the
8 holder of a live permit issued under section 8.2 of this act. At
9 least one associate of a professional association must be a
10 certified public accountant, or a public accountant registered
11 under this act and each associate thereof personally engaged
12 within this Commonwealth in the practice of public accounting as
13 an associate thereof, must be a certified public accountant, or
14 a public accountant registered under this act. Each manager in
15 charge of an office of a professional association in this
16 Commonwealth must be a certified public accountant, or a public
17 accountant registered under this act, in good standing and the
18 holder of a live permit issued under section 8.2 of this act.
19 Shareholders or associates shall at all times own their shares
20 of interest in their own right and shall be the real and
21 beneficial owners of such equity capital or interest ascribed to
22 them.

23 (4) In the case of professional corporations, transfer of
24 shares shall be in accordance with the provisions of the act of
25 July 9, 1970 (P.L.461, No.160), known as the "Professional
26 Corporation Law." In the case of professional associations,
27 provisions shall be made requiring any associate who ceases to
28 be eligible to be an associate to dispose of all of his interest
29 within a reasonable period to a person qualified to be an
30 associate or to the association. If mutual agreement cannot be

1 reached, and if the method of determining the sale price of the
2 interest of an associate is not expressed in the Articles of
3 Association, the fair value of such interest shall be determined
4 by the American Arbitration Association.

5 (5) The principal executive officer of a professional
6 corporation shall be a shareholder and a director, and to the
7 extent possible, all other directors and officers shall be
8 certified public accountants, or public accountants registered
9 under this act. The principal executive officer of a
10 professional association shall be an associate and a governor
11 and, to the extent possible, all other governors and officers
12 shall be certified public accountants, or public accountants
13 registered under this act. Lay directors, governors, and
14 officers shall not exercise any authority whatsoever over
15 professional matters.

16 (6) The right to practice as a professional corporation or
17 professional association shall not change the obligation of its
18 shareholders, directors, officers, associates, or board of
19 governors and other employees to comply with the rules of
20 professional conduct promulgated by the board.

21 (7) In addition to the liability provisions of the
22 "Professional Corporation Law," the professional corporation
23 shall carry professional liability insurance or maintain
24 unimpaired capital in accordance with regulations promulgated by
25 the board. In addition to the liability provisions of the act of
26 August 7, 1961 (P.L.941, No.416), known as the "Professional
27 Association Act," the professional association shall carry
28 professional liability insurance or maintain unimpaired capital
29 in accordance with regulations promulgated by the board.

30 Liability shall not be limited by the formation of subsidiary or

affiliated corporations or associations each with its own
limited and unrelated liability.

Section 8.7. Registration of Public Accountants.--Any person
(i) who is a resident of this Commonwealth or has a place of
business therein, and (ii) who has attained the age of eighteen
years, and (iii) who is of good moral character, and (iv) meets
the requirements of clause (1) or (2) to the satisfaction of the
board as set forth in clause (3) may register with the board as
a public accountant within six (6) months of the effective date
of this act and not thereafter:

(1) Persons who held themselves out to the public as public
accountants and who were engaged as principals (as distinguished
from employes) within this Commonwealth at the effective date of
this act in the practice of public accounting as their principal
occupation.

(2) Persons serving in the armed forces of the United States
of America at the effective date of this act who immediately
prior to entering such service held themselves out to the public
as public accountants and were engaged as principals (as
distinguished from employes) within this Commonwealth in the
practice of public accounting as their principal occupation. In
the case of any such person, the time for registration shall be
extended for a period of six (6) months from the time such
person is separated from active duty with such service.

(3) In order to meet the requirements of clauses (1) and
(2), the applicant must furnish the board with evidence that he,
as a principal (as distinguished from an employe), has held
himself out to the public as being engaged in the practice of
public accounting as his principal occupation and he did perform
for others, in consideration of compensation, services which

1 involved the signing or affixing of his name, or any trade or
2 assumed name used by him in his profession, to any opinion or
3 certificate attesting in any way to the reliability of any
4 representation in regard to financial statements or other
5 financial data upon which the public relies together with any
6 wording accompanying such opinion or certificate which indicates
7 that he is an accountant or auditor or that he has expert
8 knowledge in accounting or auditing.

9 (4) The board shall in each case determine whether the
10 applicant qualified for registration. Any individual who is so
11 registered and who holds a permit issued under section 8.2 of
12 this act shall be styled and known as a "public accountant."

13 (5) The department shall charge a fee for registration
14 hereunder.

15 (6) Persons who have registered as provided in this section
16 and whose qualifications as set forth in their registration
17 applications are in compliance with this section may continue to
18 hold themselves out to the public as public accountants and
19 engage as principals in the practice of public accounting within
20 this Commonwealth and shall not be subject to sections 12, 14,
21 15, 16 and 16.2 for a period of one (1) year from the enactment
22 hereof but thereafter shall be subject to the provisions of
23 sections 12, 14, 15, 16 and 16.2.

24 Section 6. Section 9 of the act is reenacted and amended to
25 read:

26 Section 9. Procedure for the Suspension and Revocation of
27 Certificates; Appeals.--The procedure to be followed in the
28 suspension and revocation of certificates, registrations or
29 permits to practice under this act, censure of certificate
30 holders or registrants, and in appeals taken from actions of the

1 board shall be that prescribed by the act, approved the fourth
2 day of June, one thousand nine hundred forty-five (Pamphlet Laws
3 1388), known as the Administrative Agency Law, and its
4 amendments, and any General Rules of Administrative Practice and
5 Procedure promulgated by the board pursuant to said act.

6 Section 7. Sections 9.1 and 9.2 of the act, amended December
7 30, 1974 (P.L.1122, No.362), are reenacted and amended to read:

8 Section 9.1. Revocation or Suspension of Certificate
9 Registration or Permit.--In accordance with the procedure
10 referred to in section 9 of this act, the board, [by unanimous
11 vote] by a two-third's vote of its maximum authorized membership
12 as provided by law, or by a minimum of five affirmative votes,
13 if the membership of the board is less than its authorized
14 membership as provided by law, may revoke or suspend any
15 certificate of certified public accountant or the registration
16 of those registered under [section 8.1] sections 8.1 and 8.7 of
17 this act, or may revoke, suspend or refuse to renew any permit
18 issued under section 8.2(a)(i) of this act, or may censure the
19 holder of any such certificate, registration or permit, for any
20 one or any combination of the following causes:

21 (1) Fraud or deceit in obtaining a certificate as certified
22 public accountant or in obtaining registration under this act or
23 in obtaining a permit to practice under this act.

24 (2) Dishonesty, fraud or gross negligence in the practice of
25 public accounting.

26 (3) Violation of any of the provisions of section 12 of this
27 act.

28 (4) Violation of a rule of professional conduct promulgated
29 by the board under the authority granted by this act.

30 (5) Pleading guilty, entering a plea of nolo contendere, or

1 being found guilty of a felony under the laws of any state or
2 political subdivision of the United States or of the United
3 States.

4 (6) Pleading guilty, entering a plea of nolo contendere, or
5 being found guilty of any crime, an element of which is
6 dishonesty or fraud under the laws of any state or political
7 subdivision of the United States or of the United States.

8 (7) Cancellation, revocation, suspension or refusal to renew
9 authority to practice as a certified public accountant,
10 [professional corporation or professional association] public
11 accountant or foreign accountant by any other state or political
12 subdivision of the United States for any cause other than
13 failure to pay a registration or other fee in such other state
14 or political subdivision.

15 (8) Suspension or revocation of the right to practice before
16 any state or Federal agency.

17 (10) Failure (1) of a certificate holder or registrant to
18 obtain a biennial permit under section 8.2 within either (a)
19 three years from the expiration date of the permit to practice
20 last obtained or renewed by said certificate holder or
21 registrant, or (b) three years from the date upon which the
22 certificate holder or registrant was granted a certificate or
23 registration if no permit was ever issued, unless under section
24 8.2, such failure shall have been excused by the board; or (2)
25 of a certificate holder or registrant to furnish evidence of
26 satisfaction of requirements of continuing education as required
27 by the board under and pursuant to section 8.2 or to meet any
28 conditions in respect of continuing education which the board
29 may have ordered in respect of such certificate holder or
30 registrant under that section.

1 (11) Conduct discreditable to the public accounting
2 profession.

3 Section 9.2. Reinstatement.--Upon application in writing and
4 after hearing pursuant to notice, the board may issue a new
5 certificate to a certified public accountant whose certificate
6 has been revoked, or may permit the re-registration of any
7 person, [professional corporation, or professional association]
8 partnership or corporation whose registration has been revoked,
9 or may reissue or modify the suspension of any permit to
10 practice which has been revoked or suspended.

11 Section 8. The act is amended by adding a section to read:

12 Section 9.3. Revocation or Suspension of Partnership or
13 Corporation Registration or Permit.--In accordance with the
14 procedure referred to in section 9 of this act, the board shall
15 revoke the registration and permit to practice of a partnership
16 or corporation if at any time it does not have all the
17 qualifications prescribed by the section of this act under which
18 it qualified for registration.

19 Section 9. Section 10 of the act is reenacted to read:

20 Section 10. Employees and Assistants.--The department shall
21 assign to the board such agents, clerks, stenographers,
22 assistants and investigators as may be deemed necessary to carry
23 out and enforce the provisions of this act.

24 Section 10. Sections 11, 11.1, 12, 13, 14, 15 and 16 of the
25 act, amended December 30, 1974 (P.L.1122, No.362), are reenacted
26 and amended to read:

27 Section 11. Ownership of Working Papers.--All statements,
28 records, schedules, working papers and memoranda prepared by or
29 for a certified public accountant, [professional corporation, or
30 professional association] public accountant, partnership or

1 corporation incident to or in the course of professional service
2 to clients by such certified public accountant, [professional
3 corporation, or professional association] public accountant,
4 partnership or corporation, except reports submitted to a
5 client, shall be and remain the property of such certified
6 public accountant, [professional corporation, or professional
7 association] public accountant, partnership or corporation in
8 the absence of an express agreement between the parties to the
9 contrary. No such statement, record, schedule, working paper or
10 memorandum shall be sold, [or] transferred, or bequeathed,
11 without the consent of the client or his personal
12 representative, successor or assignee, to anyone other than one
13 or more surviving partners, shareholders or associates of such
14 certified public accountant or such public accountant.

15 Section 11.1. Privileged Communication.--Except by
16 permission of the client or person or [firm or corporation]
17 entity engaging him or the heirs, successors or personal
18 representatives of such client or person or [firm or
19 corporation] entity, a certified public accountant,
20 [professional corporation, or professional association] public
21 accountant, partnership or corporation, holding a permit to
22 practice under this act, or a person employed by a certified
23 public accountant, public accountant, partnership, or a director
24 of or a person employed by a professional corporation holding a
25 permit to practice under this act, or an associate of or a
26 person employed by a professional association holding a permit
27 to practice under this act shall not be required to, and shall
28 not voluntarily, disclose or divulge information of which he may
29 have become possessed relative to and in connection with any
30 professional services as a certified public accountant,

1 [professional corporation, or professional association] public
2 accountant, partnership or corporation. The information derived
3 from or as the result of such professional services shall be
4 deemed confidential and privileged: Provided, however, That
5 nothing herein shall be taken or construed as prohibiting the
6 disclosure of information required to be disclosed by the
7 standards of the profession in reporting on the examination of
8 financial statements, or in making disclosures in a court of law
9 or in disciplinary investigations or proceedings when the
10 professional services of the certified public accountant,
11 [professional corporation, or professional association] public
12 accountant, partnership or corporation are at issue in an
13 action, investigation or proceeding in which the certified
14 public accountant, [professional corporation or professional
15 association] public accountant, partnership or corporation are
16 parties.

17 Section 12. Unlawful Acts.--(a) It is unlawful for any
18 person (1) to assume or use the title or designation "certified
19 public accountant," or the abbreviation "CPA," or any other
20 title, designation, words, letters, abbreviation, sign, card or
21 device, tending to indicate that such person is a certified
22 public accountant unless such person has received, or has been
23 notified in writing by the board that he has qualified to
24 receive a certificate of certified public accountant issued by
25 this Commonwealth, which is not revoked or suspended, or (2) to
26 assume or use such title, designation or abbreviation in the
27 practice of public accounting unless he has received or has been
28 notified in writing that he has qualified to receive a
29 certificate of certified public accountant by this Commonwealth
30 and unless he also holds a permit issued under section 8.2 of

1 this act, which is not revoked or suspended, hereinafter
2 referred to as a "live permit": Provided, That a foreign
3 accountant who has registered under the provisions of section
4 8.1 of this act, and who holds a live permit issued under
5 section 8.2 of this act, may use the title under which he is
6 permitted to practice in his country, followed by the name of
7 the country from which he received his certificate, license or
8 degree.

9 (b) It is unlawful for any person to use the title
10 "certified public accountant," public accountant or any
11 abbreviation thereof, or the letters "CPA" or "PA" by virtue of
12 any certificate, registration or permit illegally or
13 fraudulently obtained by such person, or issued unlawfully or
14 through any fraudulent representation or deceit, or misstatement
15 of material fact or fraudulent concealment of a material fact
16 made or induced or aided or abetted by such person.

17 (c) It is unlawful for any partnership or corporation to
18 assume or use the title or designation "certified public
19 accountant," or the abbreviation "CPA," or any other title,
20 designation, words, letters, abbreviation, sign, card or device,
21 tending to indicate that such partnership or corporation is
22 composed of certified public accountants, unless such
23 partnership [meets all of the following requirements:

24 (1) At least one partner thereof must be a certified public
25 accountant of this Commonwealth in good standing and the holder
26 of a live permit issued under section 8.2 of this act, and

27 (2) Each partner thereof personally engaged within this
28 Commonwealth in the practice of public accounting as a member
29 thereof (i) must be a certified public accountant of this
30 Commonwealth in good standing and the holder of a live permit

1 issued under section 8.2 of this act, or (ii) must be a
2 certified public accountant of some state or political
3 subdivision of the United States in good standing and must have
4 filed with the board, but not have been refused by the board,
5 application for a certificate of certified public accountant of
6 this Commonwealth by reciprocity, and after having received such
7 certificate, must have filed but not have been refused a permit
8 under section 8.2 of this act;

9 (3) Each partner thereof must be a certified public
10 accountant of some state or political subdivision of the United
11 States in good standing, and

12 (4) Each manager in charge of an office of the firm in this
13 Commonwealth must be a certified public accountant of this
14 Commonwealth in good standing and the holder of a live permit
15 issued under section 8.2 of this act.] or corporation is
16 registered as a partnership or corporation of certified public
17 accountants under sections 8.3 and 8.4 of this act and holds a
18 live permit issued under section 8.2 of this act.

19 (d) It is unlawful for any person, [professional
20 corporation, or professional association] partnership or
21 corporation to sell or offer to sell or fraudulently obtain,
22 furnish or procure any certificate, registration or permit under
23 the provisions of this act or cause or aid or abet another
24 person so to do.

25 (e) It is unlawful for any person or persons to engage in
26 the practice of public accounting in this Commonwealth as a
27 limited partnership providing for limited liability of the
28 members or partners.

29 (f) Except as prescribed in subsections (a) and (c), [and
30 (h),] in respect of certified public accountants, it is unlawful

1 for any person, partnership, [professional corporation, or
2 professional association] or corporation to use a title,
3 including the word "certified" as a part thereof, or any other
4 title or designation likely to be confused with "certified
5 public accountant," or any title or designation implying or
6 connoting accreditation by a state or political subdivision of
7 the United States, for the practice of any type of bookkeeping,
8 accounting, auditing, tax or other professional practice related
9 thereto, or to use any abbreviation of such title or
10 designation.

11 (g) It is unlawful for any person to assume or use the title
12 or designation "certified public accountant" or public
13 accountant" in conjunction with names indicating or implying
14 that there is a partnership or corporation, or in conjunction
15 with the designation "and Company" or "and Co" or a similar
16 designation, if there is, in fact, no bona fide partnership or
17 corporation registered under sections 8.3 through 8.6: Provided,
18 That a sole proprietor or partnership lawfully using such title
19 or designation in conjunction with such names or designation
20 prior to November 1, 1961 may continue to do so if he, or it,
21 otherwise complies with the provisions of this act: And further
22 provided, That any public accountant registered under this act
23 using the title or designation public accountant or the
24 abbreviation "PA" in conjunction with such names or designation
25 prior to the effective date of this act may continue to do so if
26 he otherwise complies with the provisions of this act.

27 (h) [It is unlawful for any professional corporation or
28 professional association to use the title or designation
29 "certified public accountant" or the abbreviation "CPA" or any
30 other title, designation, words, letters, abbreviation, sign,

1 card, or device, tending to indicate that such professional
2 corporation or professional association is composed of certified
3 public accountants, unless such professional corporation or
4 professional association is registered under section 8.1 of this
5 act and holds a live permit issued under section 8.2 of this
6 act; and, each manager in charge of an office of the firm in
7 this Commonwealth is a certified public accountant of this
8 Commonwealth in good standing and the holder of a live permit
9 issued under section 8.2 of this act.] No person shall sign or
10 affix a partnership or corporate name to any opinion or
11 certificate attesting in any way to the reliability of any
12 representation or estimate in regard to any person or
13 organization embracing (1) financial information or (2) facts
14 respecting compliance with conditions established by law or
15 contract, including but not limited to, statutes, ordinances,
16 regulations, grants, loans, and appropriations, together with
17 any wording, accompanying or contained in such opinion or
18 certificate, which indicates that such partnership or
19 corporation is composed of or employs (i) accountants or
20 auditors or (ii) persons having expert knowledge in accounting
21 or auditing, unless the partnership or corporation holds a live
22 permit issued under section 8.2 of this act.

23 (i) It is unlawful for a certified public accountant,
24 [professional corporation, or professional association] public
25 accountant, partnership or corporation, engaged in the practice
26 of public accounting, to use an impersonal fictitious name or a
27 name which indicates a specialty. Firm names may contain the
28 names of one or more of the present or former associates or
29 shareholders or of partners who were associated with a
30 predecessor accounting firm.

1 (j) It is unlawful for any person to assume or use the title
2 or designation "public accountant" or the abbreviation "PA" or
3 any other title, designation, words, letters, abbreviation,
4 sign, card or device, tending to indicate that such person is a
5 public accountant, unless such person is registered as a public
6 accountant under section 8.7 of this act and holds a live permit
7 issued under section 8.2 of this act, or unless such person has
8 received, or has been notified in writing by the board that he
9 has qualified to receive a certificate as certified public
10 accountant issued by this Commonwealth and holds a live permit
11 issued under section 8.2 of this act.

12 (k) It is unlawful for any partnership or corporation to
13 assume or use the title or designation "public accountant" or
14 the abbreviation "PA" or any other title, designation, words,
15 letters, abbreviation, sign, card or device, tending to indicate
16 that such partnership or corporation is composed of public
17 accountants, unless such partnership or corporation is
18 registered as a partnership or corporation of public accountants
19 under section 8.5 or 8.6 of this act, or as a partnership or
20 corporation of certified public accountants under section 8.3 or
21 8.4 of this act and holds a live permit issued under section 8.2
22 of this act; and each manager in charge of an office of the firm
23 in this Commonwealth is a certified public accountant or a
24 public accountant registered under this act, in good standing
25 and the holder of a live permit issued under section 8.2 of this
26 act.

27 (l) It is unlawful for any person, partnership or
28 corporation to assume or use the title or designation "certified
29 accountant," "chartered accountant," "enrolled accountant,"
30 "licensed accountant," "registered accountant," "licensed public

1 accountant," "registered public accountant," or "accredited
2 accountant," or any other title or designation likely to be
3 confused with "certified public accountant" or "public
4 accountant," or any of the abbreviations "CA," "EA," "RA," "LA,"
5 "RPA," "LPA," or "AA," or similar abbreviations likely to be
6 confused with "CPA": Provided, however, That anyone who holds a
7 live permit issued under section 8.2 of this act may hold
8 himself out to the public as an "accountant," "auditor" or
9 "accountant and auditor": Provided, however, That a foreign
10 accountant registered under section 8.1 of this act and who
11 holds a live permit issued under section 8.2 of this act may use
12 the title under which he is permitted to practice in his own
13 country, followed by the name of the country from which he
14 received his certificate, license or degree.

15 (m) It is unlawful for any person to sign or affix his name
16 or any trade or assumed name used by him in his profession or
17 business to any opinion or certificate attesting in any way to
18 the reliability of any representation or estimate in regard to
19 any person or organization embracing (1) financial information
20 or (2) facts respecting compliance with conditions established
21 by law or contract, including, but not limited to statutes,
22 ordinances, regulations, grants, loans, and appropriations,
23 together with any wording accompanying or contained in such
24 opinion or certificate, which indicates (i) that he is an
25 accountant or auditor, or (ii) that he has expert knowledge in
26 accounting or auditing, unless he holds a live permit issued
27 under section 8.2 of this act: Provided, however, That the
28 provisions of this subsection shall not prohibit any officer,
29 employe, partner, or principal of any organization from affixing
30 his signature to any statement or report in reference to the

1 affairs of said organization with any wording designating the
2 position, title, or office which he holds in said organization,
3 nor shall the provisions of this subsection prohibit any act of
4 a public official or public employe in the performance of his
5 duties as such.

6 (n) It is unlawful for any partnership or corporation not
7 holding a live permit under section 8.2 of this act to hold
8 itself out to the public as an "account" or "auditor" by use of
9 either or both of such words or any sign, card, letterhead, or
10 in any advertisement or directory without indicating thereon or
11 therein that such partnership or corporation does not hold such
12 a permit: Provided, however, That this subsection shall not
13 prohibit any officer, employe, partner, or principal of any
14 organization from describing himself by the position, title or
15 office he holds in such organization, nor shall this subsection
16 prohibit any action of a public official or public employe in
17 the performance of his duties as such.

18 (o) It is unlawful for any person, partnership or
19 corporation to indicate by printed or written statement, sign,
20 card or other device that such person, foreign accountant,
21 partnership or corporation holds membership in any society,
22 association or organization of certified public accountants or
23 public accountants, unless such person holds a valid certificate
24 of certified public accountant issued by this Commonwealth or by
25 some state or political subdivision of the United States, is
26 registered as a foreign accountant under section 8.1 or as a
27 public accountant under section 8.7, and in the case of a
28 partnership or corporation, they are registered under sections
29 8.3 through 8.6 of this act.

30 (p) The provisions of sections 12, 14, 15, 16 and 16.2 as

they relate to public accountants permitted to register under section 8.7 and as to partnerships permitted to register under sections 8.3 and 8.5 and as to corporations permitted to register under section 8.4 and 8.6, the said sections shall become effective one (1) year from the enactment hereof.

Section 13. Acts Not Unlawful.--(a) Nothing contained in this act shall prohibit any person not a certified public accountant or a public accountant registered under this act from serving as an employe of or an assistant to a certified public accountant, [a professional corporation, or a professional association] a public accountant, a partnership of certified public accountants or public accountants or a corporation, holding a permit to practice issued under section 8.2 of this act, [a partnership of certified public accountants,] or a foreign accountant registered under section 8.1 of this act: Provided, That such employe or assistant shall not issue any accounting or financial statement over his name.

(b) Nothing contained in this act shall prohibit a certified public accountant, [professional corporation, or professional association,] or partnership or corporation composed of certified public accountants of another state or political subdivision of the United States, or any accountant who holds a certificate, degree or license in a foreign country constituting a recognized qualification for the practice of public accounting in such country, and who is concurrently engaged in public practice in such state, political subdivision or country from temporarily practicing in this Commonwealth on professional business incident to their regular practice outside this Commonwealth: Provided, That such temporary practice is conducted in conformity with the regulations and rules of

1 professional conduct promulgated by the board.

2 (c) Persons, partnerships or corporations other than as
3 defined in this act offering and rendering only record keeping
4 services or engaged in the preparation of tax returns are not
5 required to register under this act and may continue to perform
6 such services.

7 Section 14. Injunction Against Unlawful Act.--Whenever [in
8 the unanimous judgment of all the members of the board] in the
9 judgment of two-third's of the maximum authorized membership of
10 the board as provided by law, or in the judgment of a minimum of
11 five members, if the membership of the board is less than its
12 authorized membership as provided by law, any person,
13 [professional corporation, or professional association]
14 partnership or corporation, has engaged or is about to engage in
15 any acts or practices which constitute or will constitute a
16 violation of this act the board or its agents may make
17 application to the appropriate court for an order enjoining such
18 acts or practices and, upon a showing by the board that such
19 person, [professional corporation, or professional association]
20 partnership or corporation has engaged or is about to engage in
21 any such acts or practices, an injunction, restraining order or
22 such other order as may be appropriate shall be granted by such
23 court without bond.

24 Section 15. Single Act Evidence of Practice.--The [wilful]
25 willful or knowing display or uttering by a person,
26 [professional corporation, or professional association]
27 partnership or corporation of a card, sign, advertisement or
28 other printed, engraved or written instrument or device bearing
29 a person's name, or the name of a [professional corporation or
30 professional association] partnership or corporation in

1 conjunction with the words "certified public accountant" or
2 "public accountant" or any abbreviation thereof or any
3 designation prohibited by this act, shall be prima facie
4 evidence in any prosecution, proceeding or hearing that the
5 person, [professional corporation, or professional association,]
6 partnership or corporation whose name is so displayed, caused or
7 procured the display or uttering of such card, sign,
8 advertisement or other printed, engraved, or written instrument
9 or device and that such person, [professional corporation, or
10 professional association] partnership or corporation is holding
11 himself or itself out to be a certified public accountant or a
12 public accountant. In any prosecution or proceeding under this
13 act, evidence of the commission of a single act prohibited by
14 this act, shall be sufficient to justify an injunction or a
15 conviction without evidence of a general course of conduct.

16 Section 16. Penalties.--(a) Any person, [professional
17 corporation, or professional association] partnership or
18 corporation violating any of the provisions of this act shall be
19 guilty of a misdemeanor and upon conviction thereof shall be
20 sentenced to pay a fine not exceeding [five hundred dollars
21 (\$500)] one thousand dollars (\$1,000) or suffer imprisonment not
22 exceeding one (1) year, or both.

23 (b) The right of the board to suspend and revoke
24 certificates and permits issued under this act and the right to
25 censure certificate holders or registrants shall be in addition
26 to the penalties set forth in this section.

27 Section 11. Section 16.1 of the act, added September 2, 1961
28 (P.L.1165, No.524), is reenacted to read:

29 Section 16.1. Construction.--If any provision of this act or
30 the application thereof to anyone or to any circumstances is

1 held invalid, the remainder of the act and the application of
2 such provision to others or other circumstances shall not be
3 affected thereby.

4 Section 12. The act is amended by adding a section to read:

5 Section 16.2. Audits Limited to Certified Public Accountants
6 and Public Accountants Registered Under This Act.--Whenever any
7 statute heretofore or hereafter enacted requires the audit or
8 examination of finances, accounts, financial statements, books
9 and records or reports of (1) any department, division, board,
10 bureau, office, commission or agency of this Commonwealth or (2)
11 of any municipal authority or other authority or political
12 subdivision within this Commonwealth, or (3) of any corporation,
13 joint stock company, nonprofit corporation, association,
14 cooperative or joint stock association or any other business or
15 professional entity or (4) of any eleemosynary institution by a
16 certified public accountant, public accountant, independent
17 accountant or auditor, competent public accountant or other
18 person purporting to have expert knowledge of accounting and
19 auditing, such requirement shall be construed to mean certified
20 public accountant or public accountant registered under this
21 act.

22 Section 13. Section 17 of the act is reenacted to read:

23 Section 17. Repeals.--The act, approved the twenty-ninth day
24 of March, one thousand eight hundred ninety-nine (Pamphlet Laws
25 21), entitled "An act to establish a board for the examination
26 of accountants, to provide for the granting of certificates to
27 accountants, and to provide a punishment for the violation of
28 this act," and its amendments are hereby repealed.

29 All other acts or parts of acts inconsistent herewith are
30 hereby repealed.

1 Section 14. Except as heretofore provided, this act shall
2 take effect immediately.