

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2381

Session of
1976

INTRODUCED BY MESSRS. BENNETT, PRENDERGAST, SHELTON, RIEGER,
BUTERA, MRS. CRAWFORD AND MR. HEPFORD, MAY 12, 1976

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
SEPTEMBER 21, 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 and
17 amended to read:

AN ACT

18
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

persons engaged in practicing as certified public accountants
and public accountants, and for the suspension and revocation
of such certificates, subject to appeal and for their
reinstatement; prescribing the powers and duties of the State
Board of Examiners of Public Accountants and the [Department
of Public Instruction] Department of State; providing for
ownership of working papers; defining unlawful acts and acts
not unlawful; providing penalties, and repealing existing
laws.

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

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

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

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

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

"Corporations" Professional corporations and professional
associations as defined by the act of July 9, 1970 (P.L.461,
No.160), known as the "Professional Corporation Law," and the

1 act of August 7, 1961 (P.L.941, No.416), known as the
2 "Professional Association Act," and any amendments thereof.

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

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

12 "Masculine terms" shall also include the feminine.

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

18 SECTION 3. THE ACT IS AMENDED BY ADDING SECTIONS TO READ: <—

19 SECTION 2.1. STATE BOARD OF EXAMINERS OF PUBLIC
20 ACCOUNTANTS.--THE STATE BOARD OF EXAMINERS OF PUBLIC ACCOUNTANTS
21 SHALL CONSIST OF TEN MEMBERS, ONE OF WHOM SHALL BE THE
22 COMMISSIONER OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS IN THE
23 DEPARTMENT OF STATE AND THE NINE REMAINING MEMBERS SHALL BE
24 APPOINTED BY THE GOVERNOR AS FOLLOWS:

25 (1) SIX MEMBERS SHALL BE CERTIFIED PUBLIC ACCOUNTANTS WHO
26 HAVE HELD CERTIFICATES OF CERTIFIED PUBLIC ACCOUNTANT ISSUED BY
27 THIS COMMONWEALTH FOR AT LEAST TEN YEARS IMMEDIATELY PRECEDING
28 THEIR APPOINTMENT, ALL OF WHOM ARE HOLDERS OF LIVE PERMITS AS
29 REQUIRED UNDER THIS ACT AND FOUR OF WHOM HAVE BEEN ACTIVELY
30 ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTING AS THEIR PRINCIPAL

1 OCCUPATION AT THE TIME OF THEIR APPOINTMENT. TWO MEMBERS SHALL
2 BE APPOINTED FROM THE EASTERN PART OF THE STATE, TWO FROM THE
3 WESTERN PART, AND TWO FROM THE CENTRAL PART. NO MEMBER OF THE
4 BOARD SHALL BE A TEACHER OR INSTRUCTOR IN ANY COACHING SCHOOL
5 WHICH HAS AS ITS PRIMARY PURPOSE PREPARATION FOR THE EXAMINATION
6 UNDER THIS ACT OR ANY PERSON WHO HAS A FINANCIAL INTEREST IN
7 SUCH COACHING SCHOOL. THE GOVERNOR MAY APPOINT MEMBERS TO THE
8 BOARD FROM A LIST OF QUALIFIED PERSONS SUBMITTED TO HIM BY THE
9 COUNCIL OF THE PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC
10 ACCOUNTANTS.

11 (2) ONE MEMBER SHALL BE A PERSON REPRESENTING THE PUBLIC AT
12 LARGE. SUCH PUBLIC MEMBER SHALL NOT BE AFFILIATED IN ANY MANNER
13 WITH THE PROFESSION AND SHALL NOT HOLD PUBLIC OFFICE DURING THE
14 TERM OF MEMBERSHIP ON THE BOARD.

15 (3) TWO MEMBERS SHALL BE PUBLIC ACCOUNTANTS REGISTERED UNDER
16 THIS ACT WHO MAY BE APPOINTED BY THE GOVERNOR FROM A LIST OF
17 QUALIFIED PERSONS SUBMITTED TO HIM BY THE PENNSYLVANIA SOCIETY
18 OF PUBLIC ACCOUNTANTS.

19 (4) THE PRESENT CONFIRMED MEMBERS OF THE EXISTING BOARD, AS
20 OF THE EFFECTIVE DATE OF THIS ACT, SHALL CONTINUE TO SERVE AS
21 BOARD MEMBERS UNTIL THEIR PRESENT TERMS OF OFFICE EXPIRE.

22 (5) THE TERMS OF THE MEMBERS OF THE BOARD SHALL BE FOUR
23 YEARS FROM THE RESPECTIVE DATES OF THEIR APPOINTMENT. NO BOARD
24 MEMBER SHALL SERVE MORE THAN TWO CONSECUTIVE FOUR-YEAR TERMS AND
25 SHALL NOT BE ELIGIBLE FOR REAPPOINTMENT UNTIL AFTER FOUR YEARS
26 HAVE ELAPSED.

27 (6) SIX MEMBERS OF THE BOARD SHALL CONSTITUTE A QUORUM. THE
28 BOARD SHALL SELECT, FROM AMONG THEIR NUMBER, A CHAIRMAN, AND
29 SHALL ELECT A SECRETARY WHO NEED NOT BE A MEMBER OF THE BOARD.

30 SECTION 2.2. PUBLIC ACCOUNTANTS' ADVISORY COMMITTEE.--(A)

1 THERE IS HEREBY CREATED A PUBLIC ACCOUNTANTS' ADVISORY COMMITTEE
2 TO CONSIST OF FIVE MEMBERS TO BE APPOINTED BY THE GOVERNOR.
3 MEMBERS FIRST APPOINTED SHALL BE APPOINTED FOR INITIALLY
4 STAGGERED TERMS, TWO MEMBERS TO SERVE FOR ONE YEAR, TWO MEMBERS
5 TO SERVE FOR TWO YEARS, AND ONE MEMBER TO SERVE FOR THREE YEARS.
6 THEREAFTER, MEMBERS SHALL BE APPOINTED FOR TERMS OF THREE YEARS.
7 UPON EXPIRATION OF A TERM OF OFFICE, A MEMBER SHALL CONTINUE TO
8 SERVE UNTIL HIS SUCCESSOR SHALL HAVE BEEN APPOINTED AND SHALL
9 HAVE QUALIFIED. MEMBERS SHALL NOT SERVE FOR MORE THAN TWO
10 CONSECUTIVE FULL THREE YEAR TERMS AND SHALL NOT BE ELIGIBLE FOR
11 REAPPOINTMENT UNTIL AFTER THREE YEARS HAVE ELAPSED.

12 (B) MEMBERS OF THE ADVISORY COMMITTEE FIRST APPOINTED SHALL
13 BE QUALIFIED TO BE REGISTERED AS PUBLIC ACCOUNTANTS PURSUANT TO
14 THIS ACT. SUCCESSOR MEMBERS OF THE ADVISORY COMMITTEE SHALL BE
15 REGISTERED PURSUANT TO THIS ACT AS PUBLIC ACCOUNTANTS. THE
16 GOVERNOR MAY APPOINT MEMBERS TO THE COMMITTEE FROM A LIST OF
17 QUALIFIED PERSONS SUBMITTED TO HIM BY THE PENNSYLVANIA SOCIETY
18 OF PUBLIC ACCOUNTANTS.

19 (C) THREE MEMBERS OF THE COMMITTEE SHALL CONSTITUTE A
20 QUORUM. THE COMMITTEE SHALL SELECT, FROM AMONG THEIR NUMBER, A
21 CHAIRMAN WHO SHALL CONDUCT MEETINGS OF THE COMMITTEE.

22 (D) THE COMMITTEE SHALL ADVISE AND AID THE BOARD IN MATTERS
23 WHICH WOULD AFFECT PUBLIC ACCOUNTANTS. THE COMMITTEE MAY
24 RECEIVE, REVIEW AND RECOMMEND TO THE BOARD FOR REGISTRATION AS A
25 PUBLIC ACCOUNTANT, SUCH APPLICANTS AS MAY BE QUALIFIED PURSUANT
26 TO THE ACT. THE COMMITTEE SHALL RECOMMEND TO THE BOARD COURSES,
27 MEETINGS, OR CONFERENCES TO FULFILL THE REQUIREMENTS OF
28 CONTINUING EDUCATION FOR PUBLIC ACCOUNTANTS.

29 SECTION 4. SECTIONS 3, 3.1, 4, 5 AND 6 OF THE ACT, AMENDED
30 DECEMBER 30, 1974 (P.L.1122, NO.362), ARE REENACTED AND AMENDED

1 TO READ:

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

4 (1) To provide for and to regulate the issuance of
5 certificates and issue a certificate of certified public
6 accountant to any person (a) who meets the general
7 qualifications and education and experience requirements
8 provided herein and who passes the examination required by the
9 board, or (b) who meets the requirements for the issuance of a
10 certificate by reciprocity.

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

13 (3) To prescribe the subject, manner, time and place of
14 examination for the certificate of certified public accountant:
15 Provided, That an examination shall be held at least twice in
16 each calendar year, and simultaneously in at least two counties
17 of the Commonwealth, and shall be a written examination in
18 general accounting, theory of accounts, accounting practice,
19 auditing and such other subjects as the board shall determine to
20 be appropriate. The board may make such use of all or any part
21 of the Uniform Certified Public Accountants' examination and/or
22 Advisory Grading service of the American Institute of Certified
23 Public Accountants as it deems appropriate to assist in
24 performing its duties hereunder.

25 (4) To keep a roster showing the names and the places of
26 business of persons to whom the certificate of certified public
27 accountant has been issued under this act and under prior laws
28 and [of persons, professional corporations or professional
29 associations] all others registered [under this act and of all
30 persons, professional corporations or professional associations]

1 or holding permits under this act. The department shall publish
2 such roster biennially in booklet form and shall mail copies
3 thereof to all permit holders listed and shall furnish the same
4 to others upon request.

5 (5) To suspend for a fixed term or revoke the certificate
6 and permit of any certified public accountant or the
7 registration and permit of [a person or professional corporation
8 or professional association] all others registered under this
9 act or to censure the holder of such certificate, registration
10 or permit as provided for in this act.

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

15 (7) To arrange for assistance in the performance of its
16 duties, and to administer and enforce the laws of the
17 Commonwealth relating to registration of and practice by
18 certified public accountants, and all others registered or
19 holding permits under this act and to instruct and require its
20 agents to seek an injunction, or bring a prosecution for a
21 violation of this act.

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

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

30 (10) [To adopt, promulgate and enforce such administrative

1 rules and regulations not inconsistent with this act, or other
2 acts, as are necessary and proper to carry into effect the
3 provisions of this act.] To adopt, promulgate and enforce such
4 rules and regulations consistent with the provisions of this act
5 establishing requirements of continuing education to be met by
6 certified public accountants, public accountants and foreign
7 accountants registered under this act as a condition for renewal
8 of biennial permits to engage in the practice of public
9 accounting in this Commonwealth.

10 (11) To promulgate and amend rules of professional conduct,
11 uniformly applicable to certified public accountants, foreign
12 accountants and public accountants registered under this act,
13 appropriate to establish and maintain a high standard of
14 integrity and dignity in the profession of public [accountancy]
15 accounting. The board may, in its discretion, adopt as its rules
16 of professional conduct the Code of Professional Ethics of the
17 Pennsylvania Institute of Certified Public Accountants or any
18 part thereof.

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

23 Section 3.1. General Qualifications.--A person shall be
24 permitted to take the examination for the certificate of
25 certified public accountant and the certificate of certified
26 public accountant shall be granted by the board to any person
27 (a) who is a resident of this Commonwealth, is enrolled in a
28 college or university in this Commonwealth, or is engaged in
29 public accounting therein at the time he first sits for the
30 examination, and (b) who has attained the age of eighteen years

1 and (c) who is of good moral character, and (d) who meets the
2 requirements of education and experience as hereinafter provided
3 and (e) who, with respect to granting a certificate shall have
4 passed a written examination in general accounting, theory of
5 accounts, accounting practice, auditing and such other subjects
6 as the board shall determine to be appropriate.

7 Section 4. Education and Experience Requirements.--(a)

8 Before any person is permitted to take the examination or is
9 issued a certificate of certified public accountant, the board
10 shall be satisfied that he has complied with the following
11 requirements:

12 (1) Graduation with a baccalaureate degree from a college or
13 university approved at the time of graduation by Department of
14 Education, pursuant to policies and standards promulgated by the
15 State Board of Education, or an education which is the
16 equivalent thereof, and completion of at least twelve semester
17 credits in accounting subjects of a content satisfactory to the
18 board, not necessarily as part of his undergraduate work, and at
19 least two years of public accounting experience of a caliber
20 satisfactory to the board, or

21 (2) Graduation with a Master's Degree in Accounting or
22 Business Administration or an equivalent Master's Degree from a
23 college or university approved at the time of graduation by
24 Department of Education, pursuant to policies and standards
25 promulgated by the State Board of Education, and completion of
26 at least twelve semester credits in accounting subjects of a
27 content satisfactory to the board, not necessarily as part of
28 his undergraduate or graduate work, and at least one year of
29 public accounting experience of a caliber satisfactory to the
30 board.

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

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

(1) Graduation with a baccalaureate degree from a college or university approved at the time of graduation by the Department of Education, or an education which is the equivalent thereof, and completion of at least twenty-four semester credits in accounting subjects of a content satisfactory to the board, not necessarily as a part of his undergraduate work, or

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

(3) Subject to the general qualifications of section 3.1, the board may issue a certificate of certified public accountant to a person who has qualified for permission to take the examination under section 4(b)(1) provided he has passed the written examination of the board in general accounting, theory of accounts, accounting practice, auditing and such other

1 subjects as the board shall determine to be appropriate and,
2 further provided he has at least two years of public accounting
3 experience of a caliber satisfactory to the board.

4 (4) Subject to the general qualifications of section 3.1,
5 the board may issue a certificate of certified public accountant
6 to a person who has qualified for permission to take the
7 examination under section 4(b)(2) provided he has passed the
8 written examination of the board in general accounting, theory
9 of accounts, accounting practice, auditing and such other
10 subjects as the board shall determine to be appropriate, further
11 provided he has at least one year of public accounting
12 experience of a caliber satisfactory to the board.

13 (c) Notwithstanding the provisions of section 4[(a) and] (b)
14 above, the board may, in its discretion, permit an applicant to
15 take the examination during the final term, semester or quarter
16 of the school year in which he will graduate, if it is
17 reasonably expected that he will fulfill the educational
18 requirements of section 4(b) and receive the required degree:
19 Provided, however, That he must receive the required degree
20 within ninety days after the date of the examination in order to
21 fulfill the educational requirements set forth in [sections 4(a)
22 and (b)] section 4(b).

23 (d) Subject to such regulations as the board may adopt
24 governing reexaminations, a candidate shall be entitled to
25 retake the examination referred to in sections 4(a)(3), 4(b)(3)
26 and (4).

27 (e) Service in the Armed Forces of the United States
28 subsequent to July 1, 1940, shall be substituted for the
29 experience requirements in sections 4(a)(1) and 4(b)(3) above,
30 on the basis of one month's experience credit for each six

1 months' service: Provided, That the maximum credit for such
2 service shall be six months.

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

7 Section 5. Certificates Issued by Reciprocity.--Without
8 requiring a written examination the board may, in its
9 discretion, issue a certificate of certified public accountant
10 to a holder of a certificate of certified public accountant then
11 in full force and effect issued as the result of a written
12 examination by any other state or political subdivision of the
13 United States: Provided, That the applicant shall submit
14 evidence satisfactory to the board that he possesses the general
15 qualifications specified in this act; [and] that he possesses
16 the equivalent of the education and experience requirements for
17 issuance of a certificate of certified public accountant in this
18 Commonwealth in effect at the time he received his original
19 certificate under the laws of such other state or political
20 subdivision of the United States or the education and experience
21 requirements in effect in this Commonwealth at the time of
22 filing his application for a reciprocal certificate; and that he
23 meets the continuing education requirements specified in section
24 8.2(b) of this act.

25 Section 6. Fees.--All fees required under the provisions of
26 this act shall be fixed by the department in accordance with
27 existing law. All fees collected under the provisions of this
28 act shall be received by the department and shall be paid into
29 the State Treasury through the Department of Revenue for the use
30 of the General Fund of the Commonwealth.

1 Section 3 5. Section 7 of the act, amended September 2, 1961 <—
2 (P.L.1165, No.524), is reenacted to read:

3 Section 7. Status of Existing Certificates Preserved.--Any
4 person legally authorized to practice as a certified public
5 accountant in this Commonwealth at the time this act takes
6 effect shall thereafter possess the same rights and privileges
7 as persons to whom certificates of certified public accountant
8 shall be issued pursuant to this act, subject, however, to the
9 power of the board, as provided in this act, to suspend or
10 revoke the certificate of any such person or censure any such
11 person for any of the causes set forth in this act and subject
12 to the power of the board to provide for and to require permits
13 to practice.

14 Section 4 6. Sections 8.1 and 8.2 of the act, amended <—
15 December 30, 1974 (P.L.1122, No.362), are amended to read:

16 Section 8.1. Registration of Foreign Accountants,
17 Partnerships, Professional Corporations, or Professional
18 Associations.--[(a)] The board may, in its discretion, permit
19 the registration of any person of good moral character, who is
20 the holder of a certificate, license or degree in a foreign
21 country, constituting a recognized qualification for the
22 practice of public accounting in such country, provided (i) such
23 country grants a similar right to practice to certified public
24 accountants of this Commonwealth, and (ii) the board determines
25 that the standards under which the applicant received such
26 certificate, license or degree are equivalent to the standards
27 of this act for the issuance of a certificate as a certified
28 public accountant in this Commonwealth. A person so registered
29 shall use only the title under which he is permitted to practice
30 in his own country, followed by the name of the country from

1 which he received his certificate, license or degree.

2 [(b) A professional corporation or a professional
3 association organized in this Commonwealth or any other state or
4 territory of the United States or District of Columbia, and
5 engaged in the practice of public accounting in this
6 Commonwealth as certified public accountants, shall register
7 with the board and file with the board a copy of its Articles of
8 Incorporation, or Articles of Association, and a copy of its
9 bylaws, and such professional corporation, or professional
10 association shall at all times have the following
11 characteristics:

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

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

26 (3) Ownership. All shareholders of the professional
27 corporation or associates of the professional association shall
28 be persons duly qualified to practice as certified public
29 accountants in a state or territory of the United States or the
30 District of Columbia, and engaged in the practice of public

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

23 (4) Retention and Transfer of Shares. In the case of
24 professional corporations, transfer of shares shall be in
25 accordance with the provisions of the act of July 9, 1970
26 (P.L.461, No.160), known as the "Professional Corporation Law."
27 In the case of professional associations, provisions shall be
28 made requiring any associate who ceases to be eligible to be an
29 associate to dispose of all of his interest within a reasonable
30 period to a person qualified to be an associate or to the

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

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

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

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

1 limited and unrelated liability.]

2 Section 8.2. Permits to Practice.--(a) Biennial permits to
3 engage in practice in this Commonwealth [as certified public
4 accountants, or to practice as designated in section 8.1 of this
5 act,] shall be issued by the department to (i) holders of the
6 certificate of certified public accountant issued by this
7 Commonwealth, foreign accountants and public accountants
8 registered under sections 8.1 and 8.7 respectively of this act
9 who shall have furnished evidence satisfactory to the board of
10 compliance with the requirements of subsection (b) of this
11 section and (ii) [to persons, professional corporations or
12 professional associations] partnerships and corporations
13 registered under [section 8.1] sections 8.3 to 8.6 of this act.
14 There shall be a biennial permit fee in an amount to be
15 determined, from time to time, by the department not to exceed
16 [ten dollars (\$10)] thirty dollars (\$30). Permits to practice
17 shall expire on the last day of August of [1974] 1976 1977 and <—
18 on the last day of August of alternate years thereafter, or on
19 such other biennial expiration dates as the department may fix.
20 Permits may be renewed, biennially, for a period of two years by
21 such certificate holders and registrants in good standing upon
22 payment of the biennial fee. Failure of a certificate holder or
23 registrant to apply for such permit to practice within (a) three
24 years from the expiration date of the permit to practice last
25 obtained or renewed, or (b) three years from the date upon which
26 the certificate holder or registrant was granted his certificate
27 or registration, if no permit was ever issued, shall deprive the
28 certificate holder or registrant of the right to such permit:
29 Provided, That a certified public accountant or a public
30 accountant registered under this act who is not engaged in the

1 practice of public accounting may request the board, in writing,
2 to place his name on the inactive roll and thus protect his
3 right to obtain a permit at such time as he may become engaged
4 in the practice of public accounting. The board, in its
5 discretion, may also review each case of failure to apply for
6 such biennial permit and determine whether such failure was due
7 to excusable neglect. In such case the renewal fee or the fee
8 for the issuance of the original permit, as the case may be,
9 shall be such amount as the department shall, from time to time,
10 determine.

11 (b) Effective with respect to biennial permits to be issued
12 for the two-year period beginning September 1, 1980 1981 and for <—
13 each subsequent period, each certified public accountant, public
14 accountant and foreign accountant filing an application for a
15 permit or a renewal thereof to engage in the practice of public
16 accounting in this Commonwealth must, during the two-year period
17 immediately preceding a biennial date, complete eighty credit <—
18 hours of continuing education, as defined by and acceptable to
19 the board, which shall include a specified number of hours
20 dealing with accounting, auditing and tax subjects. No carry-
21 over of credits shall be permitted from one biennial permit
22 period to another.

23 (c) Failure by an applicant for renewal of his biennial
24 permit to furnish evidence of completion of eighty credit hours <—
25 of acceptable continuing education shall constitute grounds for
26 denial or refusal to renew such permit, unless the board, in its
27 discretion, shall determine such failure to have been due to
28 reasonable cause.

29 (d) In issuing rules, regulations and individual orders in
30 respect of requirements of continuing education, the board, in

its discretion, may among other things, use and rely upon
guidelines and pronouncements of recognized educational and
professional organizations; may prescribe for content, duration
and organization of courses; shall take into account the
accessibility of such continuing education as it may require,
and any impediments to interstate practice of public accounting
which may result from differences in such requirements in other
states; and may provide for relaxation or suspension of such
requirements in instances of individual hardship such as for
reasons of health, military service or other good cause.

Section 5 7. The act is amended by adding sections to read: <—

Section 8.3. Partnerships Composed Solely of Certified
Public Accountants.--A partnership composed solely of certified
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 certified public accountants, provided it meets the following
requirements:

(1) At least one partner thereof must be a certified public
accountant of this Commonwealth 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 of this
Commonwealth 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 a certificate of certified public accountant of

this Commonwealth by reciprocity and after having received such certificate must have filed for, but not been refused, a permit under section 8.2 of this act, and

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

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

Section 8.4. Corporations Composed Solely of Certified Public Accountants.--A professional corporation or a professional association composed solely of certified public 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 practice of public accounting as a shareholder thereof, must be a certified public accountant of this Commonwealth. Each manager in charge of an office of a professional corporation in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act. At least one associate of a professional association must be a certified public accountant of this Commonwealth and each associate thereof personally engaged within this Commonwealth in the practice of public accounting as an associate thereof, must be a certified public accountant of this Commonwealth. Each manager in charge of an office of a professional association in this Commonwealth must be a certified public accountant of this Commonwealth in good standing and the holder of a live permit issued under section 8.2 of this act. Shareholders or associates shall at all times

own their shares or interest in their own right and shall be the
real and beneficial owners of such equity capital or interest
ascribed to them.

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

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

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

(7) In addition to the liability provisions of the

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

12 Section 8.5. Partnerships, Composed of Certified Public
13 Accountants and Public Accountants or Solely of Public
14 Accountants.--A partnership, composed of certified public
15 accountants and public accountants or solely of public
16 accountants, engaged in this Commonwealth in the practice of
17 public accounting shall, within six (6) months after the
18 enactment of this act, register with the board as a partnership
19 of public accountants provided it meets the following
20 requirements:

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

25 (2) Each partner thereof personally engaged within this
26 Commonwealth in the practice of public accounting as a member
27 thereof (i) must be a certified public accountant or a public
28 accountant registered under this act, in good standing and the
29 holder of a live permit issued under section 8.2 of this act, or
30 (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

1 include the words certified public accountant, public
2 accountant, or any abbreviations thereof. Impersonal or
3 fictitious names, as well as names which indicate a specialty,
4 are prohibited.

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

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

Commonwealth 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. Shareholders or associates shall at all times own their shares of interest in their own right and shall be the real and beneficial owners of such equity capital or interest ascribed to them.

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

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

1 (6) The right to practice as a professional corporation or
2 professional association shall not change the obligation of its
3 shareholders, directors, officers, associates, or board of
4 governors and other employees to comply with the rules of
5 professional conduct promulgated by the board.

6 (7) In addition to the liability provisions of the
7 "Professional Corporation Law," the professional corporation
8 shall carry professional liability insurance or maintain
9 unimpaired capital in accordance with regulations promulgated by
10 the board. In addition to the liability provisions of the act of
11 August 7, 1961 (P.L.941, No.416), known as the "Professional
12 Association Act," the professional association shall carry
13 professional liability insurance or maintain unimpaired capital
14 in accordance with regulations promulgated by the board.

15 Liability shall not be limited by the formation of subsidiary or
16 affiliated corporations or associations each with its own
17 limited and unrelated liability.

18 Section 8.7. Registration of Public Accountants.--Any person
19 (i) who is a resident of this Commonwealth or has a place of
20 business therein, and (ii) who has attained the age of eighteen
21 years, and (iii) who is of good moral character, and (iv) meets
22 the requirements of clause (1) or (2) to the satisfaction of the
23 board as set forth in clause (3) may register with the board as
24 a public accountant within ~~six (6) months of the effective date~~ <—
25 ~~of this act and not thereafter~~; TWELVE (12) MONTHS FROM <—
26 PUBLICATION IN THE PENNSYLVANIA BULLETIN OF THE ANNOUNCEMENT
27 THAT APPLICATION FORMS ARE AVAILABLE AND NOT THEREAFTER:

28 (1) Persons who held themselves out to the public as public
29 accountants and who were engaged as principals (as distinguished
30 from employees) within this Commonwealth (I) at the effective <—

1 date of this act in the practice of public accounting as their
2 principal occupation, OR (II) AT ANY TIME WITHIN SIX (6) YEARS <—
3 PRIOR TO THE EFFECTIVE DATE OF THIS ACT.

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

13 (3) In order to meet the requirements of clauses (1) and
14 (2), the applicant must furnish the board with evidence that he,
15 as a principal (as distinguished from an employee), has held
16 himself out to the public as being engaged in the practice of
17 public accounting as his principal occupation. and he did <—
18 ~~perform for others, in consideration of compensation, services~~
19 ~~which involved the signing or affixing of his name, or any trade~~
20 ~~or assumed name used by him in his profession, to any opinion or~~
21 ~~certificate attesting in any way to the reliability of any~~
22 ~~representation in regard to financial statements or other~~
23 ~~financial data upon which the public relies together with any~~
24 ~~wording accompanying such opinion or certificate which indicates~~
25 ~~that he is an accountant or auditor or that he has expert~~
26 ~~knowledge in accounting or auditing.~~

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

1 (5) The department shall charge a fee for registration
2 hereunder.

3 (6) Persons who have registered as provided in this section
4 and whose qualifications as set forth in their registration
5 applications are in compliance with this section may continue to
6 hold themselves out to the public as public accountants and
7 engage as principals in the practice of public accounting within
8 this Commonwealth and shall not be subject to sections 12, 14,
9 15, 16 and 16.2 for a period of one (1) year from the enactment
10 hereof but thereafter shall be subject to the provisions of
11 sections 12, 14, 15, 16 and 16.2.

12 Section ~~6~~ 8. Section 9 of the act is reenacted and amended <—
13 to read:

14 Section 9. Procedure for the Suspension and Revocation of
15 Certificates; Appeals.--The procedure to be followed in the
16 suspension and revocation of certificates, registrations or
17 permits to practice under this act, censure of certificate
18 holders or registrants, and in appeals taken from actions of the
19 board shall be that prescribed by the act, approved the fourth
20 day of June, one thousand nine hundred forty-five (Pamphlet Laws
21 1388), known as the Administrative Agency Law, and its
22 amendments, and any General Rules of Administrative Practice and
23 Procedure promulgated by the board pursuant to said act.

24 Section ~~7~~ 9. Sections 9.1 and 9.2 of the act, amended <—
25 December 30, 1974 (P.L.1122, No.362), are reenacted and amended
26 to read:

27 Section 9.1. Revocation or Suspension of Certificate, <—
28 Registration or Permit.--In accordance with the procedure
29 referred to in section 9 of this act, the board, [by unanimous
30 vote] by a two-third's vote of its maximum authorized membership

1 as provided by law, or by a minimum of five affirmative votes,
2 if the membership of the board is less than its authorized
3 membership as provided by law, may revoke or suspend any
4 certificate of certified public accountant or the registration
5 of those registered under [section 8.1] sections 8.1 and 8.7 of
6 this act, or may revoke, suspend or refuse to renew any permit
7 issued under section 8.2(a)(i) of this act, or may censure the
8 holder of any such certificate, registration or permit, for any
9 one or any combination of the following causes:

10 (1) Fraud or deceit in obtaining a certificate as certified
11 public accountant or in obtaining registration under this act or
12 in obtaining a permit to practice under this act.

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

15 (3) Violation of any of the provisions of section 12 of this
16 act.

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

19 (5) Pleading guilty, entering a plea of nolo contendere, or
20 being found guilty of a felony under the laws of any state or
21 political subdivision of the United States or of the United
22 States.

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

27 (7) Cancellation, revocation, suspension or refusal to renew
28 authority to practice as a certified public accountant,
29 [professional corporation or professional association] public
30 accountant or foreign accountant by any other state or political

1 subdivision of the United States for any cause other than
2 failure to pay a registration or other fee in such other state
3 or political subdivision.

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

6 (10) Failure (1) of a certificate holder or registrant to
7 obtain a biennial permit under section 8.2 within either (a)
8 three years from the expiration date of the permit to practice
9 last obtained or renewed by said certificate holder or
10 registrant, or (b) three years from the date upon which the
11 certificate holder or registrant was granted a certificate or
12 registration if no permit was ever issued, unless under section
13 8.2, such failure shall have been excused by the board; or (2)
14 of a certificate holder or registrant to furnish evidence of
15 satisfaction of requirements of continuing education as required
16 by the board under and pursuant to section 8.2 or to meet any
17 conditions in respect of continuing education which the board
18 may have ordered in respect of such certificate holder or
19 registrant under that section.

20 (11) Conduct discreditable to the public accounting
21 profession.

22 Section 9.2. Reinstatement.--Upon application in writing and
23 after hearing pursuant to notice, the board may issue a new
24 certificate to a certified public accountant whose certificate
25 has been revoked, or may permit the re-registration of any
26 person, [professional corporation, or professional association]
27 partnership or corporation whose registration has been revoked,
28 or may reissue or modify the suspension of any permit to
29 practice which has been revoked or suspended.

30 Section 8 10. The act is amended by adding a section to

<—

1 read:

2 Section 9.3. Revocation or Suspension of Partnership or
3 Corporation Registration or Permit.--In accordance with the
4 procedure referred to in section 9 of this act, the board shall
5 revoke the registration and permit to practice of a partnership
6 or corporation if at any time it does not have all the
7 qualifications prescribed by the section of this act under which
8 it qualified for registration.

9 Section ~~9~~ 11. Section 10 of the act is reenacted to read: <—

10 Section 10. Employes and Assistants.--The department shall
11 assign to the board such agents, clerks, stenographers,
12 assistants and investigators as may be deemed necessary to carry
13 out and enforce the provisions of this act.

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

17 Section 11. Ownership of Working Papers.--All statements,
18 records, schedules, working papers and memoranda prepared by or
19 for a certified public accountant, [professional corporation, or
20 professional association] public accountant, partnership or
21 corporation incident to or in the course of professional service
22 to clients by such certified public accountant, [professional
23 corporation, or professional association] public accountant,
24 partnership or corporation, except reports submitted to a
25 client, shall be and remain the property of such certified
26 public accountant, [professional corporation, or professional
27 association] public accountant, partnership or corporation in
28 the absence of an express agreement between the parties to the
29 contrary. No such statement, record, schedule, working paper or
30 memorandum shall be sold, [or] transferred, or bequeathed,

1 without the consent of the client or his personal
2 representative, successor or assignee, to anyone other than one
3 or more surviving partners, shareholders or associates of such
4 certified public accountant or such public accountant.

5 Section 11.1. Privileged Communication.--Except by
6 permission of the client or person or [firm or corporation]
7 entity engaging him or the heirs, successors or personal
8 representatives of such client or person or [firm or
9 corporation] entity, a certified public accountant,
10 [professional corporation, or professional association] public
11 accountant, partnership or corporation, holding a permit to
12 practice under this act, or a person employed by a certified
13 public accountant, public accountant, partnership, or a director
14 of or a person employed by a professional corporation holding a
15 permit to practice under this act, or an associate of or a
16 person employed by a professional association holding a permit
17 to practice under this act shall not be required to, and shall
18 not voluntarily, disclose or divulge information of which he may
19 have become possessed relative to and in connection with any
20 professional services as a certified public accountant,
21 [professional corporation, or professional association] public
22 accountant, partnership or corporation. The information derived
23 from or as the result of such professional services shall be
24 deemed confidential and privileged: Provided, however, That
25 nothing herein shall be taken or construed as prohibiting the
26 disclosure of information required to be disclosed by the
27 standards of the profession in reporting on the examination of
28 financial statements, or in making disclosures in a court of law
29 or in disciplinary investigations or proceedings when the
30 professional services of the certified public accountant,

1 [professional corporation, or professional association] public
2 accountant, partnership or corporation are at issue in an
3 action, investigation or proceeding in which the certified
4 public accountant, [professional corporation or professional
5 association] public accountant, partnership or corporation are
6 parties.

7 Section 12. Unlawful Acts.--(a) It is unlawful for any
8 person (1) to assume or use the title or designation "certified
9 public accountant," or the abbreviation "CPA," or any other
10 title, designation, words, letters, abbreviation, sign, card or
11 device, tending to indicate that such person is a certified
12 public accountant unless such person has received, or has been
13 notified in writing by the board that he has qualified to
14 receive a certificate of certified public accountant issued by
15 this Commonwealth, which is not revoked or suspended, or (2) to
16 assume or use such title, designation or abbreviation in the
17 practice of public accounting unless he has received or has been
18 notified in writing that he has qualified to receive a
19 certificate of certified public accountant by this Commonwealth
20 and unless he also holds a permit issued under section 8.2 of
21 this act, which is not revoked or suspended, hereinafter
22 referred to as a "live permit": Provided, That a foreign
23 accountant who has registered under the provisions of section
24 8.1 of this act, and who holds a live permit issued under
25 section 8.2 of this act, may use the title under which he is
26 permitted to practice in his country, followed by the name of
27 the country from which he received his certificate, license or
28 degree.

29 (b) It is unlawful for any person to use the title
30 "certified public accountant," public accountant or any

1 abbreviation thereof, or the letters "CPA" or "PA" by virtue of
2 any certificate, registration or permit illegally or
3 fraudulently obtained by such person, or issued unlawfully or
4 through any fraudulent representation or deceit, or misstatement
5 of material fact or fraudulent concealment of a material fact
6 made or induced or aided or abetted by such person.

7 (c) It is unlawful for any partnership or corporation to
8 assume or use the title or designation "certified public
9 accountant," or the abbreviation "CPA," or any other title,
10 designation, words, letters, abbreviation, sign, card or device,
11 tending to indicate that such partnership or corporation is
12 composed of certified public accountants, unless such
13 partnership [meets all of the following requirements:

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

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

29 (3) Each partner thereof must be a certified public
30 accountant of some state or political subdivision of the United

1 States in good standing, and

2 (4) Each manager in charge of an office of the firm in this
3 Commonwealth must be a certified public accountant of this
4 Commonwealth in good standing and the holder of a live permit
5 issued under section 8.2 of this act.] or corporation is
6 registered as a partnership or corporation of certified public
7 accountants under sections 8.3 and 8.4 of this act and holds a
8 live permit issued under section 8.2 of this act.

9 (d) It is unlawful for any person, [professional
10 corporation, or professional association] partnership or
11 corporation to sell or offer to sell or fraudulently obtain,
12 furnish or procure any certificate, registration or permit under
13 the provisions of this act or cause or aid or abet another
14 person so to do.

15 (e) It is unlawful for any person or persons to engage in
16 the practice of public accounting in this Commonwealth as a
17 limited partnership providing for limited liability of the
18 members or partners.

19 (f) Except as prescribed in subsections (a) and (c), [and
20 (h),] in respect of certified public accountants, it is unlawful
21 for any person, partnership, [professional corporation, or
22 professional association] or corporation to use a title,
23 including the word "certified" as a part thereof, or any other
24 title or designation likely to be confused with "certified
25 public accountant," or any title or designation implying or
26 connoting accreditation by a state or political subdivision of
27 the United States, for the practice of any type of bookkeeping,
28 accounting, auditing, tax or other professional practice related
29 thereto, or to use any abbreviation of such title or
30 designation.

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

17 (h) [It is unlawful for any professional corporation or
18 professional association to use the title or designation
19 "certified public accountant" or the abbreviation "CPA" or any
20 other title, designation, words, letters, abbreviation, sign,
21 card, or device, tending to indicate that such professional
22 corporation or professional association is composed of certified
23 public accountants, unless such professional corporation or
24 professional association is registered under section 8.1 of this
25 act and holds a live permit issued under section 8.2 of this
26 act; and, each manager in charge of an office of the firm in
27 this Commonwealth is a certified public accountant of this
28 Commonwealth in good standing and the holder of a live permit
29 issued under section 8.2 of this act.] No person shall sign or
30 affix a partnership or corporate name to any opinion or

1 certificate attesting in any way to the reliability of any
2 representation or estimate in regard to any person or
3 organization embracing (1) financial information or (2) facts
4 respecting compliance with conditions established by law or
5 contract, including but not limited to, statutes, ordinances,
6 regulations, grants, loans, and appropriations, together with
7 any wording, accompanying or contained in such opinion or
8 certificate, which indicates that such partnership or
9 corporation is composed of or employs (i) accountants or
10 auditors or (ii) persons having expert knowledge in accounting
11 or auditing, unless the partnership or corporation holds a live
12 permit issued under section 8.2 of this act.

13 (i) It is unlawful for a certified public accountant,
14 [professional corporation, or professional association] public
15 accountant, partnership or corporation, engaged in the practice
16 of public accounting, to use an impersonal fictitious name or a
17 name which indicates a specialty. Firm names may contain the
18 names of one or more of the present or former associates or
19 shareholders or of partners who were associated with a
20 predecessor accounting firm.

21 (j) It is unlawful for any person to assume or use the title
22 or designation "public accountant" or the abbreviation "PA" or
23 any other title, designation, words, letters, abbreviation,
24 sign, card or device, tending to indicate that such person is a
25 public accountant, unless such person is registered as a public
26 accountant under section 8.7 of this act and holds a live permit
27 issued under section 8.2 of this act, or unless such person has
28 received, or has been notified in writing by the board that he
29 has qualified to receive a certificate as certified public
30 accountant issued by this Commonwealth and holds a live permit

1 issued under section 8.2 of this act.

2 (k) It is unlawful for any partnership or corporation to
3 assume or use the title or designation "public accountant" or
4 the abbreviation "PA" or any other title, designation, words,
5 letters, abbreviation, sign, card or device, tending to indicate
6 that such partnership or corporation is composed of public
7 accountants, unless such partnership or corporation is
8 registered as a partnership or corporation of public accountants
9 under section 8.5 or 8.6 of this act, or as a partnership or
10 corporation of certified public accountants under section 8.3 or
11 8.4 of this act and holds a live permit issued under section 8.2
12 of this act; and each manager in charge of an office of the firm
13 in this Commonwealth is a certified public accountant or a
14 public accountant registered under this act, in good standing
15 and the holder of a live permit issued under section 8.2 of this
16 act.

17 (l) It is unlawful for any person, partnership or
18 corporation to assume or use the title or designation "certified
19 accountant," "chartered accountant," "enrolled accountant,"
20 "licensed accountant," "registered accountant," "licensed public
21 accountant," "registered public accountant," or "accredited
22 accountant," or any other title or designation likely to be
23 confused with "certified public accountant" or "public
24 accountant," or any of the abbreviations "CA," "EA," "RA," "LA,"
25 "RPA," "LPA," or "AA," or similar abbreviations likely to be
26 confused with "CPA": Provided, however, That anyone who holds a
27 live permit issued under section 8.2 of this act may hold
28 himself out to the public as an "accountant," "auditor" or
29 "accountant and auditor": Provided, however, That a foreign
30 accountant registered under section 8.1 of this act and who

holds a live permit issued under section 8.2 of this act may use the title under which he is permitted to practice in his own country, followed by the name of the country from which he received his certificate, license or degree.

(m) It is unlawful for any person to sign or affix his name or any trade or assumed name used by him in his profession or business to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing (1) financial information or (2) facts respecting compliance with conditions established by law or contract, including, but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying or contained in such opinion or certificate, which indicates (i) that he is an accountant or auditor, or (ii) that he has expert knowledge in accounting or auditing, unless he holds a live permit issued under section 8.2 of this act: Provided, however, That the provisions of this subsection shall not prohibit any officer, employe, partner, or principal of any organization from affixing his signature to any statement or report in reference to the affairs of said organization with any wording designating the position, title, or office which he holds in said organization, nor shall the provisions of this subsection prohibit any act of a public official or public employe in the performance of his duties as such.

(n) It is unlawful for any PERSON, partnership or corporation not holding a live permit under section 8.2 of this act to hold HIMSELF OR itself out to the public as an "account" ~~or "auditor"~~ OR AS AN ACCOUNTANT AND AUDITOR by use of either ~~or both of such words or~~ DESIGNATION ON any sign, card, letterhead,

<—

<—

<—

<—

~~or in any advertisement or directory without indicating thereon~~
~~or therein that such partnership or corporation does not hold~~
~~such a permit:~~ Provided, however, That this subsection shall not
prohibit any officer, employe, partner, or principal of any
organization from describing himself by the position, title or
office he holds in such organization, nor shall this subsection
prohibit any action of a public official or public employe in
the performance of his duties as such.

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

(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

1 accountant, [a professional corporation, or a professional
2 association] a public accountant, a partnership of certified
3 public accountants or public accountants or a corporation,
4 holding a permit to practice issued under section 8.2 of this
5 act, [a partnership of certified public accountants,] or a
6 foreign accountant registered under section 8.1 of this act:
7 Provided, That such employe or assistant shall not issue any
8 accounting or financial statement over his name.

9 (b) Nothing contained in this act shall prohibit a certified
10 public accountant, [professional corporation, or professional
11 association,] or partnership or corporation composed of
12 certified public accountants of another state or political
13 subdivision of the United States, or any accountant who holds a
14 certificate, degree or license in a foreign country constituting
15 a recognized qualification for the practice of public accounting
16 in such country, and who is concurrently engaged in public
17 practice in such state, political subdivision or country from
18 temporarily practicing in this Commonwealth on professional
19 business incident to their regular practice outside this
20 Commonwealth: Provided, That such temporary practice is
21 conducted in conformity with the regulations and rules of
22 professional conduct promulgated by the board.

23 (c) Persons, partnerships or corporations other than as
24 defined in this act offering and rendering only ~~record keeping~~ <—
25 BOOKKEEPING AND SIMILAR TECHNICAL services or engaged in the <—
26 preparation of tax returns are not required to register under
27 this act and may continue to perform such services. SUCH <—
28 PERSONS, PARTNERSHIPS, OR CORPORATIONS MAY USE THE TITLE OR
29 DESIGNATION OF "ACCOUNTANT" OR "ACCOUNTANTS."

30 Section 14. Injunction Against Unlawful Act.--Whenever [in

1 the unanimous judgment of all the members of the board] in the
2 judgment of two-thirds of the maximum authorized membership of
3 the board as provided by law, or in the judgment of a minimum of
4 five members, if the membership of the board is less than its
5 authorized membership as provided by law, any person,
6 [professional corporation, or professional association]
7 partnership or corporation, has engaged or is about to engage in
8 any acts or practices which constitute or will constitute a
9 violation of this act the board or its agents may make
10 application to the appropriate court for an order enjoining such
11 acts or practices and, upon a showing by the board that such
12 person, [professional corporation, or professional association]
13 partnership or corporation has engaged or is about to engage in
14 any such acts or practices, an injunction, restraining order or
15 such other order as may be appropriate shall be granted by such
16 court without bond.

17 Section 15. Single Act Evidence of Practice.--The [wilful]
18 willful or knowing display or uttering by a person,
19 [professional corporation, or professional association]
20 partnership or corporation of a card, sign, advertisement or
21 other printed, engraved or written instrument or device bearing
22 a person's name, or the name of a [professional corporation or
23 professional association] partnership or corporation in
24 conjunction with the words "certified public accountant" or
25 "public accountant" or any abbreviation thereof or any
26 designation prohibited by this act, shall be prima facie
27 evidence in any prosecution, proceeding or hearing that the
28 person, [professional corporation, or professional association,]
29 partnership or corporation whose name is so displayed, caused or
30 procured the display or uttering of such card, sign,

1 advertisement or other printed, engraved, or written instrument
2 or device and that such person, [professional corporation, or
3 professional association] partnership or corporation is holding
4 himself or itself out to be a certified public accountant or a
5 public accountant. In any prosecution or proceeding under this
6 act, evidence of the commission of a single act prohibited by
7 this act, shall be sufficient to justify an injunction or a
8 conviction without evidence of a general course of conduct.

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

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

20 Section ~~11~~ 13. Section 16.1 of the act, added September 2, <—
21 1961 (P.L.1165, No.524), is reenacted to read:

22 Section 16.1. Construction.--If any provision of this act or
23 the application thereof to anyone or to any circumstances is
24 held invalid, the remainder of the act and the application of
25 such provision to others or other circumstances shall not be
26 affected thereby.

27 Section ~~12~~ 14. The act is amended by adding a section to <—
28 read:

29 Section 16.2. Audits Limited to Certified Public Accountants
30 and Public Accountants Registered Under This Act.--Whenever any

1 statute OR RULES AND REGULATIONS OR ORDERS OF A DEPARTMENT, <—
2 BOARD, AGENCY OR COMMISSION heretofore or hereafter enacted OR <—
3 ADOPTED requires the audit or examination of finances, accounts,
4 financial statements, books and records or reports of (1) any
5 department, division, board, bureau, office, commission or
6 agency of this Commonwealth or (2) of any municipal authority or
7 other authority or political subdivision within this
8 Commonwealth, or (3) of any corporation, joint stock company,
9 nonprofit corporation, association, cooperative or joint stock
10 association or any other business or professional entity or (4)
11 of any eleemosynary institution by a certified public
12 accountant, public accountant, independent accountant or
13 auditor, competent public accountant or other person purporting
14 to have expert knowledge of accounting and auditing, such
15 requirement shall be construed to mean certified public
16 accountant or public accountant registered under this act:
17 PROVIDED HOWEVER, THAT NOTHING IN THIS SECTION SHALL BE <—
18 CONSTRUED TO AFFECT THE ELIGIBILITY OF ANY PERSON TO SERVE AS AN
19 ELECTED AUDITOR IN POLITICAL SUBDIVISIONS.

20 Section ~~13~~ 15. Section 17 of the act is reenacted AND <—
21 AMENDED to read:

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

28 SECTION 421, ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN AS <—
29 "THE ADMINISTRATIVE CODE OF 1929," IS REPEALED.

30 All other acts or parts of acts inconsistent herewith are

1 hereby repealed.

2 Section ~~14~~ 16. Except as heretofore provided, this act shall <—
3 take effect immediately.