

SECOND REGULAR SESSION

# HOUSE BILL NO. 1700

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE WASSON.

Read 1st time January 16, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

4262L.01I

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### AN ACT

To repeal sections 326.256, 326.283, 326.289, and 326.292, RSMo, and to enact in lieu thereof four new sections relating to certified public accountants, with penalty provisions.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 326.256, 326.283, 326.289, and 326.292, RSMo, are repealed and  
2 four new sections enacted in lieu thereof, to be known as sections 326.256, 326.283, 326.289,  
3 and 326.292, to read as follows:

326.256. 1. As used in this chapter, the following terms mean:

2 (1) "AICPA", the American Institute of Certified Public Accountants;

3 (2) "Attest" **or "attest services"**, providing the following financial statement services:

4 (a) Any audit or other engagement to be performed in accordance with the Statements  
5 on Auditing Standards (SAS);

6 (b) Any examination of prospective financial information to be performed in accordance  
7 with the Statements on Standards for Attestation Engagements (SSAE); **or**

8 (c) **Any engagement to be performed in accordance with the auditing standards and**  
9 **rules of the Public Company Accounting Oversight Board (PCAOB);**

10 (3) "Board", the Missouri state board of accountancy established pursuant to section  
11 326.259 or its predecessor pursuant to prior law;

12 (4) "Certificate", a certificate issued pursuant to section 326.060 prior to August 28,  
13 2001;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 (5) "Certified public accountant" or "CPA", the holder of a certificate or license as  
15 defined in this section;

16 (6) "Certified public accountant firm", "CPA firm" or "firm", a sole proprietorship, a  
17 corporation, a partnership or any other form of organization issued a permit pursuant to section  
18 326.289;

19 (7) "Client", a person or entity that agrees with a licensee or licensee's employer to  
20 receive any professional service;

21 (8) "Compilation", providing a service to be performed in accordance with Statements  
22 on Standards for Accounting and Review Services (SSARS) that is presented in the form of  
23 financial statements information that is the representation of management (owners) without  
24 undertaking to express any assurance on the statements;

25 (9) **"Home office", the location specified by the client as the address to which a**  
26 **service described in subdivision (4) of subsection 1 of section 326.283 is directed;**

27 (10) "License", a license issued pursuant to section 326.280, or [a provisional license  
28 issued] **privilege to practice granted** pursuant to section 326.283; or, in each case, an individual  
29 license or permit issued pursuant to corresponding provisions of prior law;

30 [(10)] (11) "Licensee", the holder of a license as defined in this section;

31 [(11)] (12) "Manager", a manager of a limited liability company;

32 [(12)] (13) "Member", a member of a limited liability company;

33 [(13)] (14) "NASBA", the National Association of State Boards of Accountancy;

34 [(14)] (15) "Peer review", a study, appraisal or review of one or more aspects of the  
35 professional work of a licensee or certified public accountant firm that performs attest, review  
36 or compilation services, by licensees who are not affiliated either personally or through their  
37 certified public accountant firm being reviewed pursuant to the Standards for Performing and  
38 Reporting on Peer Reviews promulgated by the AICPA or such other standard adopted by  
39 regulation of the board which meets or exceeds the AICPA standards;

40 [(15)] (16) "Permit", a permit to practice as a certified public accountant firm issued  
41 pursuant to section 326.289 or corresponding provisions of prior law or pursuant to  
42 corresponding provisions of the laws of other states;

43 [(16)] (17) "Professional", arising out of or related to the specialized knowledge or skills  
44 associated with certified public accountants;

45 [(17)] (18) "Public accounting":

46 (a) Performing or offering to perform for an enterprise, client or potential client one or  
47 more services involving the use of accounting or auditing skills, or one or more management  
48 advisory or consulting services, or the preparation of tax returns or the furnishing of advice on  
49 tax matters by a person, firm, limited liability company or professional corporation using the title

50 "C.P.A." or "P.A." in signs, advertising, directory listing, business cards, letterheads or other  
51 public representations;

52 (b) Signing or affixing a name, with any wording indicating the person or entity has  
53 expert knowledge in accounting or auditing to any opinion or certificate attesting to the reliability  
54 of any representation or estimate in regard to any person or organization embracing financial  
55 information or facts respecting compliance with conditions established by law or contract,  
56 including but not limited to statutes, ordinances, rules, grants, loans and appropriations; or

57 (c) Offering to the public or to prospective clients to perform, or actually performing on  
58 behalf of clients, professional services that involve or require an audit or examination of financial  
59 records leading to the expression of a written attestation or opinion concerning these records;

60 [(18)] (19) "Report", when used with reference to financial statements, means an  
61 opinion, report or other form of language that states or implies assurance as to the reliability of  
62 any financial statements, and that also includes or is accompanied by any statement or  
63 implication that the person or firm issuing it has special knowledge or competence in accounting  
64 or auditing. Such a statement or implication of special knowledge or competence may arise from  
65 use by the issuer of the report of names or titles indicating that the person or firm is an  
66 accountant or auditor, or from the language of the report itself. The term report includes any  
67 form of language which disclaims an opinion when such form of language is conventionally  
68 understood to imply any positive assurance as to the reliability of the financial statements  
69 referred to or special competence on the part of the person or firm issuing such language, or both,  
70 and includes any other form of language that is conventionally understood to imply such  
71 assurance or such special knowledge or competence, or both;

72 [(19)] (20) "Review", providing a service to be performed in accordance with Statements  
73 on Standards for Accounting and Review Services (SSARS) that is performing inquiry and  
74 analytical procedures that provide the accountant with a reasonable basis for expressing limited  
75 assurance that there are no material modifications that should be made to the statements for them  
76 to be in conformity with generally accepted accounting principles or, if applicable, with another  
77 comprehensive basis of accounting;

78 [(20)] (21) "State", any state of the United States, the District of Columbia, Puerto Rico,  
79 the U.S. Virgin Islands and Guam; except that "this state" means the state of Missouri;

80 [(21)] (22) "Substantial equivalency" or "**substantially equivalent**", a determination  
81 by the board of accountancy or its designee that the education, examination and experience  
82 requirements contained in the statutes and administrative rules of another jurisdiction are  
83 comparable to or exceed the education, examination and experience requirements contained in  
84 this chapter or that an individual certified public accountant's education, examination and

85 experience qualifications are comparable to or exceed the education, examination and experience  
86 requirements contained in this chapter;

87 [(22)] **(23)** "Transmittal", any transmission of information in any form, including but not  
88 limited to any and all documents, records, minutes, computer files, disks or information.

89 2. The statements on standards specified in this section shall be adopted by reference by  
90 the board pursuant to rulemaking and shall be those developed for general application by the  
91 AICPA or other recognized national accountancy organization as prescribed by board rule.

326.283. 1. (1) An individual whose principal place of business, **domicile, or residency**  
2 is not in this state and [has] **who holds** a valid [designation] **and unrestricted license** to practice  
3 public accounting from any state which the board **of accountancy or its designee** has  
4 determined by rule to be in substantial equivalence with the licensure requirements of [sections  
5 326.250 to 326.331] **this chapter**, or if the individual's qualifications are substantially equivalent  
6 to the licensure requirements of [sections 326.250 to 326.331] **this chapter**, shall be presumed  
7 to have qualifications substantially equivalent to this state's requirements and shall have all the  
8 privileges of licensees of this state[, provided the individual shall notify the board of his or her  
9 intent to engage in the practice of accounting with a client within this state whether in person,  
10 by electronic or technological means, or any other manner. The board by rule may require  
11 individuals to obtain a license] **without the need to obtain a license or to otherwise notify or**  
12 **register with the board or pay any fee; provided however, the board may by rule require**  
13 **individuals with a valid but restricted license to obtain a license.**

14 (2) **An individual who qualifies for the privilege to practice under this section may**  
15 **offer or render professional services in this state, whether in person, by mail, telephone,**  
16 **or electronic means, and no notice or other submission shall be required of any such**  
17 **individual. Such individual shall be subject to the requirements of subdivision (3) of this**  
18 **subsection.**

19 [(2) Any] (3) **An individual licensee** of another state exercising the privilege afforded  
20 [pursuant to] **under** this section [consents] **and the firm which employs such licensee hereby**  
21 **simultaneously consents** as a condition of the grant of this privilege [to]:

22 (a) **To** the personal and subject matter jurisdiction and disciplinary authority of the  
23 board;

24 (b) **To** comply with this chapter and the board's rules; [and]

25 (c) **That in the event the license from any state is no longer valid or unrestricted,**  
26 **the individual will cease offering or rendering professional services in this state**  
27 **individually and on behalf of a firm; and**

28           (d) To the appointment of the state board [which] **that** issued the individual's license as  
29 his or her agent upon whom process may be served in any action or proceeding by this board  
30 against the individual.

31           **(4) An individual who has been granted the privilege to practice under this section**  
32 **who performs any of the following financial statement services for an entity with a home**  
33 **office in this state shall only do so through a firm which has obtained a permit issued under**  
34 **section 326.289:**

35           (a) Any audit or other engagement to be performed in accordance with Statements  
36 on Auditing Standards (SAS);

37           (b) Any examination of prospective financial information to be performed in  
38 accordance with Statements on Standards for Attestation Engagements (SSAE); or

39           (c) Any engagement to be performed in accordance with the auditing standards and  
40 rules of the Public Company Accounting Oversight Board (PCAOB).

41           [(3)] (5) Nothing in this [section] **chapter** shall prohibit temporary practice in this state  
42 for professional business incidental to a CPA's regular practice outside this state. "Temporary  
43 practice" means that practice [which is a continuation or extension] **related to the direct**  
44 **purpose** of an engagement for a client located outside this state, which engagement began  
45 outside this state and extends into this state through common ownership, existence of a  
46 subsidiary, assets or other operations located within this state.

47           2. A licensee of this state offering or rendering services or using his or her certified  
48 public accountant title in another state shall be subject to disciplinary action in this state for an  
49 act committed in another state for which the licensee would be subject to discipline for an act  
50 committed in the other state. Notwithstanding the provisions of section 326.274 to the contrary,  
51 the board may investigate any complaint made by the board of accountancy of another state.

326.289. 1. The board may grant or renew permits to practice as a certified public  
2 accounting firm to [entities] **applicants** that [make application and] demonstrate their  
3 qualifications in accordance with this [section or to certified public accounting firms originally  
4 licensed in another state that establish an office in this state. A firm shall hold a permit issued  
5 pursuant to this section to provide attest, review or compilation services or to use the title  
6 certified public accountant or certified public accounting firm] **chapter**.

7           **2. A permit issued under this chapter is required of the following:**

8           (1) Any firm with an office in this state, as defined by the board by rule, performing  
9 attest services, as defined in section 326.256;

10           (2) Any firm with an office in this state that uses the title "CPA" or "CPA firm";  
11 **or**

12           **(3) Any firm that does not have an office in this state but performs attest services,**  
13 **as defined in section 326.256, for a client having its home office in the state.**

14           **3. A firm without an office in this state may perform compilation and review**  
15 **services, as defined in section 326.256, for a client having its home office in this state and**  
16 **may use the title "CPA" or "CPA firm" without a permit issued under this section only**  
17 **if the firm:**

18           **(1) Has the qualifications described in subsections 7 and 12 of this section; and**

19           **(2) Performs such services through an individual with the privilege to practice**  
20 **under subsection 1 of section 326.283.**

21           **4. A firm not subject to the requirements of subsections 2 and 3 of this section may**  
22 **perform other professional services while using the title "CPA" or "CPA firm" in this state**  
23 **without a permit issued under this section only if the firm:**

24           **(1) Has the qualifications described in subsection 7 of this section;**

25           **(2) Performs such services through an individual with the privilege to practice**  
26 **under section 326.283; and**

27           **(3) It can lawfully do so in the state where said individual with privilege to practice**  
28 **has his or her principal place of business.**

29           **[2.] 5. Permits shall be initially issued and renewed for periods of not more than three**  
30 **years or for a specific period as prescribed by board rule following issuance or renewal.**

31           **[3.] 6. The board shall determine by rule the form for application and renewal of permits**  
32 **and shall annually determine the fees for permits and their renewals.**

33           **[4.] 7. An applicant for initial issuance or renewal of a permit to practice pursuant to this**  
34 **section shall be required to show that:**

35           **(1) [Notwithstanding any other provision of law to the contrary,] A simple majority of**  
36 **the ownership of the firm, in terms of financial interests and voting rights of all partners, officers,**  
37 **principals, shareholders, members or managers, belongs to licensees who are licensed in some**  
38 **state, and the partners, officers, principals, shareholders, members or managers, whose principal**  
39 **place of business is in this state and who perform professional services in this state are licensees**  
40 **pursuant to section 326.280 or the corresponding provision of prior law. Although firms may**  
41 **include nonlicensee owners, the firm and its ownership shall comply with rules promulgated by**  
42 **the board;**

43           **(2) Any certified public accounting firm may include owners who are not licensees,**  
44 **provided that:**

45           **(a) The firm designates a licensee of this state; or in the case of a firm required to**  
46 **have a permit under this section, such firm designates a licensee of another state who meets**

47 **the requirements of section 326.283;** who is responsible for the proper registration of the firm  
48 and identifies that individual to the board;

49 (b) All nonlicensee owners are active individual participants in the certified public  
50 accounting firm or affiliated entities;

51 (c) **All owners are of good moral character;**

52 (d) The firm complies with other requirements as the board may impose by rule;

53 (3) Any licensee, initially licensed on or after August 28, 2001, who is responsible for  
54 supervising attest services, or signs or authorizes someone to sign the licensee's report on the  
55 financial statements on behalf of the firm, shall meet competency requirements as determined  
56 by the board by rule which shall include one year of experience in addition to the experience  
57 required pursuant to subdivision (6) of subsection 1 of section 326.280 and shall be verified by  
58 a licensee. The additional experience required by this subsection shall include experience in  
59 attest work supervised by a licensee;

60 (4) Any licensee who is responsible for supervising review services or signs or  
61 authorizes someone to sign review reports shall meet the competency requirements as determined  
62 by board by rule which shall include experience in review services.

63 [5.] **8.** An applicant for initial issuance or renewal of a permit to practice shall register  
64 each office of the firm within this state with the board and show that all attest, review and  
65 compilation services rendered in this state are under the charge of a licensee.

66 [6.] **9.** No licensee or firm holding a permit pursuant to this chapter shall use a  
67 professional or firm name or designation that is misleading as to:

68 (1) The legal form of the firm;

69 (2) The persons who are partners, officers, members, managers or shareholders of the  
70 firm; or

71 (3) Any other matter.

72

73 The names of one or more former partners, members or shareholders may be included in the  
74 name of a firm or its successor unless the firm becomes a sole proprietorship because of the  
75 death or withdrawal of all other partners, officers, members or shareholders. A firm may use a  
76 fictitious name if the fictitious name is registered with the board and is not otherwise misleading.  
77 The name of a firm shall not include the name or initials of an individual who is not a present  
78 or a past partner, member or shareholder of the firm or its predecessor. The name of the firm  
79 shall not include the name of an individual who is not a licensee.

80 [7.] **10.** Applicants for initial issuance or renewal of permits shall list in their application  
81 all states in which they have applied for or hold permits as certified public accounting firms and  
82 list any past denial, revocation, suspension or any discipline of a permit by any other state. Each

83 holder of or applicant for a permit pursuant to this section shall notify the board in writing within  
84 thirty days after its occurrence of any change in the identities of partners, principals, officers,  
85 shareholders, members or managers whose principal place of business is in this state; any change  
86 in the number or location of offices within this state; any change in the identity of the persons  
87 in charge of such offices; and any issuance, denial, revocation, suspension or any discipline of  
88 a permit by any other state.

89 [8.] **11.** Firms which fall out of compliance with the provisions of this section due to  
90 changes in firm ownership or personnel after receiving or renewing a permit shall take corrective  
91 action to bring the firm back into compliance as quickly as possible. The board may grant a  
92 reasonable period of time for a firm to take such corrective action. Failure to bring the firm back  
93 into compliance within a reasonable period as defined by the board may result in the suspension  
94 or revocation of the firm permit.

95 [9.] **12.** The board shall require by rule, as a condition to the renewal of permits, that  
96 firms undergo, no more frequently than once every three years, peer reviews conducted in a  
97 manner as the board shall specify. The review shall include a verification that individuals in the  
98 firm who are responsible for supervising attest, review and compilation services or sign or  
99 authorize someone to sign the accountant's report on the financial statements on behalf of the  
100 firm meet the competency requirements set out in the professional standards for such services,  
101 provided that any such rule:

102 (1) Shall include reasonable provision for compliance by a firm showing that it has  
103 within the preceding three years undergone a peer review that is a satisfactory equivalent to peer  
104 review generally required pursuant to this subsection;

105 (2) May require, with respect to peer reviews, that peer reviews be subject to oversight  
106 by an oversight body established or sanctioned by board rule, which shall periodically report to  
107 the board on the effectiveness of the review program under its charge and provide to the board  
108 a listing of firms that have participated in a peer review program that is satisfactory to the board;  
109 and

110 (3) Shall require, with respect to peer reviews, that the peer review processes be operated  
111 and documents maintained in a manner designed to preserve confidentiality, and that the board  
112 or any third party other than the oversight body shall not have access to documents furnished or  
113 generated in the course of the peer review of the firm except as provided in subdivision (2) of  
114 this subsection.

115 [10.] **13.** Prior to January 1, 2008, licensees who perform fewer than three attest services  
116 during each calendar year shall be exempt from the requirements of subsection [9] **12** of this  
117 section.



118           [11.] **14.** The board may, by rule, charge a fee for oversight of peer reviews, provided  
119 that the fee charged shall be substantially equivalent to the cost of oversight.

120           [12.] **15.** In connection with proceedings before the board or upon receipt of a complaint  
121 involving the licensee performing peer reviews, the board shall not have access to any documents  
122 furnished or generated in the course of the performance of the peer reviews except for peer  
123 review reports, letters of comment and summary review memoranda. The documents shall be  
124 furnished to the board only in a redacted manner that does not specifically identify any firm or  
125 licensee being peer reviewed or any of their clients.

126           [13.] **16.** The peer review processes shall be operated and the documents generated  
127 thereby be maintained in a manner designed to preserve their confidentiality. No third party,  
128 other than the oversight body, the board, subject to the provisions of subsection [12] **15** of this  
129 section, or the organization performing peer review shall have access to documents furnished or  
130 generated in the course of the review. All documents shall be privileged and closed records for  
131 all purposes and all meetings at which the documents are discussed shall be considered closed  
132 meetings pursuant to subdivision (1) of section 610.021, RSMo. The proceedings, records and  
133 workpapers of the board and any peer review subjected to the board process shall be privileged  
134 and shall not be subject to discovery, subpoena or other means of legal process or introduction  
135 into evidence at any civil action, arbitration, administrative proceeding or board proceeding. No  
136 member of the board or person who is involved in the peer review process shall be permitted or  
137 required to testify in any civil action, arbitration, administrative proceeding or board proceeding  
138 as to any matters produced, presented, disclosed or discussed during or in connection with the  
139 peer review process or as to any findings, recommendations, evaluations, opinions or other  
140 actions of such committees or any of its members; provided, however, that information,  
141 documents or records that are publicly available shall not be subject to discovery or use in any  
142 civil action, arbitration, administrative proceeding or board proceeding merely because they were  
143 presented or considered in connection with the peer review process.

326.292. 1. Only licensees may issue a report on financial statements of any person,  
2 firm, organization or governmental unit or offer to render or render any attest service. Such  
3 restriction shall not prohibit any act of a public official or public employee in the performance  
4 of the person's duties as such; nor prohibit the performance by any nonlicensee of other services  
5 involving the use of accounting skills, including the preparation of tax returns, management  
6 advisory services and the preparation of nonattest financial statements. Nonlicensees may  
7 prepare financial statements and issue nonattest transmittals or information thereon which do not  
8 purport to be in compliance with the Statements on Standards for Accounting and Review  
9 Services (SSARS).

10           2. Only certified public accountants shall use or assume the title certified public  
11 accountant, or the abbreviation CPA or any other title, designation, words, letters, abbreviation,  
12 sign, card or device tending to indicate that such person is a certified public accountant. Nothing  
13 in this section shall prohibit:

14           (1) A certified public accountant whose certificate was in full force and effect, issued  
15 pursuant to the laws of this state prior to August 28, 2001, and who does not engage in the  
16 practice of public accounting, auditing, bookkeeping or any similar occupation, from using the  
17 title certified public accountant or abbreviation CPA;

18           (2) A person who holds a certificate, then in force and effect, issued pursuant to the laws  
19 of this state prior to August 28, 2001, and who is regularly employed by or is a director or officer  
20 of a corporation, partnership, association or business trust, in his or her capacity as such, from  
21 signing, delivering or issuing any financial, accounting or related statement, or report thereon  
22 relating to such corporation, partnership, association or business trust provided the capacity is  
23 so designated, and provided in the signature line the title CPA or certified public accountant is  
24 not designated.

25           3. No firm shall provide attest services or assume or use the title certified public  
26 accountants or the abbreviation CPAs, or any other title, designation, words, letters, abbreviation,  
27 sign, card or device tending to indicate that such firm is a certified public accounting firm unless:

28           (1) The firm holds a valid permit issued pursuant to section 326.289 **or is a firm exempt**  
29 **from the permit requirement under subsections 3 and 4 of section 326.289 and complies**  
30 **with all other applicable provisions of that section;** and

31           (2) Ownership of the firm is in accord with section 326.289 and rules promulgated by  
32 the board.

33           4. Only persons holding a valid license or permit issued pursuant to section 326.280 or  
34 326.289, **or persons qualifying for the privilege to practice under section 326.283, and firms**  
35 **exempt from the permit requirement under section 326.289** shall assume or use the title  
36 certified accountant, chartered accountant, enrolled accountant, licensed accountant, registered  
37 accountant, accredited accountant or any other title or designation likely to be confused with the  
38 titles certified public accountant or public accountant, or use any of the abbreviations CA, LA,  
39 RA, AA or similar abbreviation likely to be confused with the abbreviation CPA or PA. The title  
40 enrolled agent or EA shall only be used by individuals so designated by the Internal Revenue  
41 Service. Nothing in this section shall prohibit the use or issuance of a title for nonattest services  
42 provided that the organization and the title issued by the organization existed prior to August 28,  
43 2001.

44           5. (1) Nonlicensees shall not use language in any statement relating to the financial  
45 affairs of a person or entity that is conventionally used by certified public accountants in reports  
46 on financial statements. Nonlicensees may use the following safe harbor language:

47           (a) For compilations:

48  
49 "I (We) have prepared the accompanying (financial statements) of (name of entity) as of (time  
50 period) for the (period) then ended. This presentation is limited to preparing in the form of a  
51 financial statement information that is the representation of management (owners). I (We) have  
52 not audited or reviewed the accompanying financial statements and accordingly do not express  
53 an opinion or any other form of assurance on them.";

54           (b) For reviews:

55  
56 "I (We) reviewed the accompanying (financial statements) of (name of entity) as of (time period)  
57 for the (period) then ended. These financial statements (information) are (is) the responsibility  
58 of the company's management. I (We) have not audited the accompanying financial statements  
59 and accordingly do not express an opinion or any other form of assurance on them.".

60           (2) Only persons or firms holding a valid license or permit issued pursuant to section  
61 326.280 or 326.289 shall assume or use any title or designation that includes the words  
62 accountant or accounting in connection with any other language, including the language of a  
63 report, that implies that the person or firm holds a license or permit or has special competence  
64 as an accountant or auditor; provided, however, that this subsection shall not prohibit any officer,  
65 partner, principal, member, manager or employee of any firm or organization from affixing such  
66 person's own signature to any statement in reference to the financial affairs of the firm or  
67 organization with any wording designating the position, title or office that the person holds  
68 therein nor prohibit any act of a public official or employee in the performance of the person's  
69 duties as such. Nothing in this subsection shall prohibit the singular use of "accountant" or  
70 "accounting" for nonattest purposes.

71           6. Licensees signing or authorizing someone to sign reports on financial statements when  
72 performing attest, review or compilation services shall provide those services in accordance with  
73 professional standards as determined by the board by rule.

74           7. No licensee [or holder of a provisional license] or firm holding a permit pursuant to  
75 sections 326.280 to 326.289 shall use a professional or firm name or designation that is  
76 misleading about the legal form of the firm, or about the persons who are partners, principals,  
77 officers, members, managers or shareholders of the firm, or about any other matter.

78           8. None of the foregoing provisions of this section shall apply to a person or firm holding  
79 a certification, designation, degree or license granted in a foreign country entitling the holder to

80 engage in the practice of public accounting or its equivalent in the country whose activities in  
81 this state are limited to the provision of professional services to persons or firms who are  
82 residents of, governments of, or business entities of the country in which the person holds the  
83 entitlement, who performs no attest, review or compilation services and who issues no reports  
84 with respect to the financial statements of any other persons, firms or governmental units in this  
85 state, and who does not use in this state any title or designation other than the one under which  
86 the person practices in such country, followed by a translation of such title or designation into  
87 the English language, if it is in a different language, and by the name of such country.

88 9. No licensee whose license is issued pursuant to section 326.280 or issued pursuant to  
89 prior law shall perform attest services through any certified public accounting firm that does not  
90 hold a valid permit issued pursuant to section 326.289.

91 10. Nothing herein shall prohibit a practicing attorney or firm of attorneys from  
92 preparing or presenting records or documents customarily prepared by an attorney or firm of  
93 attorneys in connection with the attorney's professional work in the practice of law.

94 11. Nothing herein shall prohibit any trustee, executor, administrator, referee or  
95 commissioner from signing and certifying financial reports incident to his or her duties in that  
96 capacity.

97 12. Nothing herein shall prohibit any director or officer of a corporation, partner or a  
98 partnership, sole proprietor of a business enterprise, member of a joint venture, member of a  
99 committee appointed by stockholders, creditors or courts, or an employee of any of the foregoing,  
100 in his or her capacity as such, from signing, delivering or issuing any financial, accounting or  
101 related statement, or report thereon, relating to the corporation, partnership, business enterprise,  
102 joint venture or committee, provided the capacity is designated on the statement or report.

103 13. (1) A licensee shall not for a commission recommend or refer to a client any product  
104 or service, or for a commission recommend or refer any product or service to be supplied by a  
105 client, or receive a commission, when the licensee also performs for that client:

106 (a) An audit or review of a financial statement; or

107 (b) A compilation of a financial statement when the licensee expects, or reasonably may  
108 expect, that a third party will use the financial statement and the licensee's compilation report  
109 does not disclose a lack of independence; or

110 (c) An examination of prospective financial information.

111

112 Such prohibition applies during the period in which the licensee is engaged to perform any of the  
113 services listed above and the period covered by any historical financial statements involved in  
114 such listed services.

115 (2) A licensee who is not prohibited by this section from performing services for or  
116 receiving a commission and who is paid or expects to be paid a commission shall disclose in  
117 writing that fact to any person or entity to whom the licensee recommends or refers a product or  
118 service to which the commission relates.

119 (3) Any licensee who accepts a referral fee for recommending or referring any service  
120 of a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose in  
121 writing the acceptance or payment to the client.

122 14. (1) A licensee shall not:

123 (a) Perform for a contingent fee any professional services for, or receive a fee from, a  
124 client for whom the licensee or the licensee's firm performs:

125 a. An audit or review of a financial statement; or

126 b. A compilation of a financial statement when the licensee expects, or reasonably might  
127 expect, that a third party will use the financial statement and the licensee's compilation report  
128 does not disclose a lack of independence; or

129 c. An examination of prospective financial information;

130 (b) Prepare an original tax return or claim for a tax refund for a contingent fee for any  
131 client; or

132 (c) Prepare an amended tax return or claim for a tax refund for a contingent fee for any  
133 client, unless permitted by board rule.

134 (2) The prohibition in subdivision (1) of this subsection applies during the period in  
135 which the licensee is engaged to perform any of those services and the period covered by any  
136 historical financial statements involved in any services.

137 (3) A contingent fee is a fee established for the performance of any service pursuant to  
138 an arrangement in which no fee will be charged unless a specified finding or result is attained,  
139 or in which the amount of the fee is otherwise dependent upon the finding or result of the service.  
140 Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts  
141 or other public authorities, or, in tax matters, if determined based on the results of judicial  
142 proceedings or the findings of governmental agencies. A licensee's fees may vary depending,  
143 for example, on the complexity of services rendered.

144 15. Any person who violates any provision of subsections 1 to 5 of this section shall be  
145 guilty of a class A misdemeanor. Whenever the board has reason to believe that any person has  
146 violated this section it may certify the facts to the attorney general of this state or bring other  
147 appropriate proceedings.

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