



HOUSE BILL No. 5717

March 28, 1996, Introduced by Reps. Munsell and Dobb and referred to the Committee on Regulatory Affairs.

A bill to amend Act No. 299 of the Public Acts of 1980, entitled as amended "Occupational code," as amended, being sections 339.101 to 339.2721 of the Michigan Compiled Laws, by adding sections 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, and 735; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 299 of the Public Acts of 1980, as
2 amended, being sections 339.101 to 339.2721 of the Michigan
3 Compiled Laws, is amended by adding sections 720, 721, 722, 723,
4 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, and 735 to
5 read as follows:

6 SEC. 720. (1) AS USED IN THIS ARTICLE:

1 (A) "CERTIFIED PUBLIC ACCOUNTANT" MEANS AN INDIVIDUAL WHO IS
2 QUALIFIED BY EDUCATION, EXAMINATION, AND EXPERIENCE AS EVIDENCED
3 BY THE ISSUANCE OF A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT
4 UNDER SECTION 726 TO ENGAGE OR OFFER TO ENGAGE IN THE PRACTICE OF
5 PUBLIC ACCOUNTING.

6 (B) "FIRM" MEANS A CORPORATION, PARTNERSHIP, LIMITED LIABIL-
7 ITY COMPANY, UNINCORPORATED ASSOCIATION, SOLE PROPRIETORSHIP
8 OPERATING UNDER AN ASSUMED NAME, OR OTHER LEGAL ENTITY.

9 (C) SUBJECT TO SUBSECTION (2), "PRACTICE OF PUBLIC
10 ACCOUNTING" MEANS RENDERING OR OFFERING TO RENDER AN OPINION ON
11 OR ATTESTING TO OR OFFERING TO ATTEST TO THE RELIABILITY OF A
12 REPRESENTATION OR ESTIMATE, INCLUDING, BUT NOT LIMITED TO, THE
13 GIVING OF AN OPINION IN SUBSTANCE THAT FINANCIAL INFORMATION AS
14 SET FORTH FAIRLY PRESENTS THE CONDITION OF THE ENTITY REVIEWED OR
15 AUDITED, IN REGARD TO AN ENTITY EMBRACING 1 OR MORE OF THE
16 FOLLOWING:

17 (i) FINANCIAL INFORMATION.

18 (ii) FACTS RESPECTING COMPLIANCE WITH CONDITIONS ESTABLISHED
19 BY LAW OR CONTRACT, INCLUDING, BUT NOT LIMITED TO, A STATUTE,
20 ORDINANCE, REGULATION, GRANT, LOAN, OR APPROPRIATION.

21 (iii) THE SCOPE OF THE ACCOUNTING PROCEDURES RENDERED IN
22 CONNECTION WITH THE PRESENTATION OF A FINANCIAL STATEMENT.

23 (2) IN ADDITION TO THE DEFINITION SET FORTH IN
24 SUBSECTION (1)(C), PRACTICE OF PUBLIC ACCOUNTING INCLUDES 1 OR
25 MORE OF THE FOLLOWING ACTIVITIES WHEN PERFORMED OR OFFERED TO BE
26 PERFORMED BY A PERSON HOLDING HIMSELF OR HERSELF OUT AS A
27 CERTIFIED PUBLIC ACCOUNTANT FOR A CLIENT OR A POTENTIAL CLIENT:

1 (A) THE ISSUANCE OF REPORTS ON FINANCIAL STATEMENTS.

2 (B) ONE OR MORE KINDS OF MANAGEMENT ADVISORY, FINANCIAL
3 ADVISORY, OR CONSULTING SERVICES.

4 (C) THE PREPARATION OF TAX RETURNS.

5 (D) THE FURNISHING OF ADVICE ON TAX MATTERS.

6 SEC. 721. (1) THE STATE BOARD OF ACCOUNTANCY IS CREATED.

7 (2) SIX MEMBERS OF THE BOARD SHALL BE CERTIFIED PUBLIC
8 ACCOUNTANTS WHO HOLD A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUN-
9 TANT, WHO ARE LICENSED UNDER SECTION 726, AND WHO HAVE PRACTICED
10 IN THIS STATE AS CERTIFIED PUBLIC ACCOUNTANTS FOR NOT LESS THAN 5
11 YEARS. THREE MEMBERS SHALL BE REPRESENTATIVE OF THE GENERAL
12 PUBLIC, 1 OF WHOM SHALL BE AN ATTORNEY WHO IS A MEMBER IN GOOD
13 STANDING IN THE STATE BAR OF THIS STATE.

14 (3) THE BOARD MAY PROMULGATE THE FOLLOWING RULES:

15 (A) RULES OF PROFESSIONAL CONDUCT FOR ESTABLISHING AND MAIN-
16 TAINING HIGH STANDARDS OF COMPETENCE AND INTEGRITY IN THE PRAC-
17 TICE OF PUBLIC ACCOUNTING.

18 (B) RULES GOVERNING CORPORATIONS PRACTICING PUBLIC ACCOUNT-
19 ING, CONSISTENT WITH THE PROFESSIONAL SERVICE CORPORATION ACT,
20 ACT NO. 192 OF THE PUBLIC ACTS OF 1962, BEING SECTIONS 450.221 TO
21 450.235 OF THE MICHIGAN COMPILED LAWS.

22 (C) RULES GOVERNING EDUCATIONAL AND EXPERIENCE REQUIREMENTS
23 FOR THE ISSUANCE OF A CERTIFICATE AS A CERTIFIED PUBLIC
24 ACCOUNTANT.

25 (D) RULES OF PROCEDURE GOVERNING THE CONDUCT OF MATTERS
26 BEFORE THE BOARD.

1 (E) RULES GOVERNING THE RECOGNITION OF EDUCATIONAL
2 INSTITUTIONS BY THE BOARD.

3 (F) RULES GOVERNING CONTINUING EDUCATION AS REQUIRED BY SEC-
4 TION 729.

5 (G) ANY OTHER RULES CONSIDERED NECESSARY BY THE BOARD TO
6 IMPLEMENT AND ENFORCE THIS ARTICLE.

7 SEC. 722. THE DEPARTMENT SHALL ISSUE LICENSES, REGISTRA-
8 TIONS, AND CERTIFICATES AS A CERTIFIED PUBLIC ACCOUNTANT UNDER
9 THIS ARTICLE. THE DEPARTMENT SHALL ISSUE A LICENSE TO ENGAGE IN
10 THE PRACTICE OF PUBLIC ACCOUNTING IN THIS STATE ONLY TO AN INDI-
11 VIDUAL WHO HOLDS A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT
12 AND WHO HAS FURNISHED EVIDENCE SATISFACTORY TO THE BOARD OF COM-
13 PLIANCE WITH THE REQUIREMENTS OF THIS ARTICLE AND THE RULES
14 PROMULGATED UNDER THIS ARTICLE.

15 SEC. 723. (1) EACH LICENSED OR REGISTERED INDIVIDUAL HOLDER
16 OF A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT SHALL BE KNOWN
17 AS A CERTIFIED PUBLIC ACCOUNTANT AND NO OTHER PERSON SHALL USE
18 THAT TITLE OR THE ABBREVIATION "CPA" OR ANY OTHER WORD, WORDS,
19 LETTERS, OR FIGURES TO INDICATE THAT THE PERSON USING THEM IS A
20 CERTIFIED PUBLIC ACCOUNTANT UNLESS THE USE IS SPECIFICALLY
21 APPROVED BY THE BOARD. USE OF THE TERMS "CERTIFIED ACCOUNTANT",
22 "CHARTERED ACCOUNTANT", "PUBLIC ACCOUNTANT", AND "REGISTERED
23 ACCOUNTANT" AND THE ABBREVIATIONS "C.A.", "P.A.", AND "R.A." IS
24 SPECIFICALLY PROHIBITED AS BEING PRIMA FACIE MISLEADING TO THE
25 PUBLIC.

26 (2) EXCEPT AS PROVIDED IN SECTION 724, A PERSON SHALL NOT
27 ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING EITHER IN THE

1 PERSON'S OWN NAME, UNDER AN ASSUMED NAME, OR AS A MEMBER OF A
2 FIRM OR AS AN EMPLOYEE, UNLESS THE PERSON HOLDS A CERTIFICATE AS
3 A CERTIFIED PUBLIC ACCOUNTANT AND A LICENSE AS A CERTIFIED PUBLIC
4 ACCOUNTANT ISSUED UNDER THIS ARTICLE.

5 (3) UNLESS USE OF A TERM IS SPECIFICALLY APPROVED BY THE
6 BOARD, THE DISPLAY OR UTTERING BY A PERSON OF A CARD, SIGN,
7 ADVERTISEMENT, DIRECTORY LISTING, OR OTHER PRINTED, ENGRAVED, OR
8 WRITTEN INSTRUMENT OR DEVICE BEARING A PERSON'S NAME IN CONJUNC-
9 TION WITH A TITLE DESCRIBED IN SUBSECTION (1) SHALL BE PRIMA
10 FACIE EVIDENCE THAT THE PERSON WHOSE NAME IS SO DISPLAYED CAUSED
11 OR PROCURED THE DISPLAY OR UTTERING OF THE CARD, SIGN, ADVERTISE-
12 MENT, DIRECTORY LISTING, OR OTHER PRINTED, ENGRAVED, OR WRITTEN
13 INSTRUMENT OR DEVICE. EVIDENCE OF THE COMMISSION OF A SINGLE ACT
14 PROHIBITED BY THIS ARTICLE IS SUFFICIENT TO JUSTIFY AN INJUNCTION
15 OR A CONVICTION WITHOUT EVIDENCE OF A GENERAL COURSE OF CONDUCT.

16 (4) EACH LICENSED FIRM MAY USE THE DESIGNATION "CERTIFIED
17 PUBLIC ACCOUNTANTS" IN CONNECTION WITH THE FIRM NAME, EXCEPT THAT
18 A LICENSED FIRM HAVING ONLY 1 MEMBER MAY USE ONLY THE DESIGNATION
19 "CERTIFIED PUBLIC ACCOUNTANT". AN UNLICENSED FIRM SHALL NOT USE
20 THE DESIGNATION "CERTIFIED PUBLIC ACCOUNTANTS", "CERTIFIED
21 ACCOUNTANTS", "CHARTERED ACCOUNTANTS", "PUBLIC ACCOUNTANTS", OR
22 "REGISTERED ACCOUNTANTS" OR THE ABBREVIATION "C.P.A.", "CPA",
23 "CPAs", "C.A.", "P.A.", OR "R.A." IN CONNECTION WITH THE FIRM
24 NAME.

25 SEC. 724. THIS ARTICLE DOES NOT PROHIBIT THE FOLLOWING:

26 (A) AN INDIVIDUAL WHO IS NOT A CERTIFIED PUBLIC ACCOUNTANT
27 FROM SERVING AS AN EMPLOYEE OF, OR AN ASSISTANT TO, A CERTIFIED

1 PUBLIC ACCOUNTANT OR FIRM COMPOSED OF CERTIFIED PUBLIC
2 ACCOUNTANTS LICENSED TO PRACTICE UNDER THIS ARTICLE IF THE INDI-
3 VIDUAL DOES NOT ISSUE AN ACCOUNTING OR FINANCIAL STATEMENT OVER
4 HIS OR HER NAME.

5 (B) A CERTIFIED PUBLIC ACCOUNTANT OF ANOTHER STATE, OR AN
6 ACCOUNTANT WHO IS LICENSED IN A FOREIGN COUNTRY FOR THE PRACTICE
7 OF PUBLIC ACCOUNTING IN THAT COUNTRY, FROM TEMPORARILY AND PERI-
8 ODICALLY ENGAGING IN THE PRACTICE OF PUBLIC ACCOUNTING IN THIS
9 STATE IF ALL OF THE FOLLOWING REQUIREMENTS ARE MET:

10 (i) THE INDIVIDUAL IS CONDUCTING A REGULAR PRACTICE OF
11 PUBLIC ACCOUNTING IN THE OTHER STATE OR FOREIGN COUNTRY.

12 (ii) THE TEMPORARY PRACTICE IS CONDUCTED IN CONFORMITY WITH
13 APPLICABLE RULES PROMULGATED BY THE BOARD, IF ANY.

14 (iii) THE INDIVIDUAL SECURES A TEMPORARY PERMIT FROM THE
15 DEPARTMENT TO CONDUCT THE PRACTICE IN THIS STATE.

16 (C) A PRACTICING ATTORNEY FROM PREPARING REPORTS OR PRESENT-
17 ING RECORDS CUSTOMARILY PREPARED BY AN ATTORNEY IN CONNECTION
18 WITH THE ATTORNEY'S PROFESSIONAL WORK.

19 (D) A PERSON FROM PREPARING A FINANCIAL REPORT OR TAX
20 RETURN, NOT REQUIRING THE EXPRESSION OF AN OPINION ON THE REPORT
21 OR RETURN, FOR FILING WITH A FEDERAL, STATE, OR LOCAL GOVERNMEN-
22 TAL UNIT.

23 (E) AN OFFICER, EMPLOYEE, PARTNER, OR PRINCIPAL OF AN ORGAN-
24 IZATION FROM SIGNING A STATEMENT OR REPORT IN REFERENCE TO THE
25 FINANCIAL AFFAIRS OF THE ORGANIZATION WITH WORDING DESIGNATING
26 THE POSITION, TITLE, OR OFFICE WHICH THE OFFICER, EMPLOYEE,

1 PARTNER, OR PRINCIPAL OF AN ORGANIZATION HOLDS IN THAT
2 ORGANIZATION.

3 (F) AN ACT OF A PUBLIC OFFICIAL OR PUBLIC EMPLOYEE IN THE
4 PERFORMANCE OF THAT INDIVIDUAL'S OFFICIAL DUTIES.

5 (G) AN INDIVIDUAL WHO MAY BE EMPLOYED BY MORE THAN 1 PERSON
6 OR FIRM FROM KEEPING BOOKS, MAKING TRIAL BALANCES OR STATEMENTS,
7 AND PREPARING AUDITS OR REPORTS, IF THE AUDITS OR REPORTS ARE NOT
8 USED OR ISSUED BY THE EMPLOYER AS HAVING BEEN PREPARED BY A CER-
9 TIFIED PUBLIC ACCOUNTANT.

10 SEC. 725. (1) THE DEPARTMENT SHALL ISSUE A CERTIFICATE AS A
11 CERTIFIED PUBLIC ACCOUNTANT TO AN INDIVIDUAL WHO MEETS ALL OF THE
12 FOLLOWING REQUIREMENTS:

13 (A) IS OF GOOD MORAL CHARACTER.

14 (B) HAS COMPLIED WITH THE EDUCATION REQUIREMENTS OF SUBSEC-
15 TION (2).

16 (C) HAS PASSED AN EXAMINATION MEETING THE REQUIREMENTS OF
17 SUBSECTION (3) AND APPROVED BY THE BOARD.

18 (D) HAS COMPLIED WITH THE EXPERIENCE REQUIREMENTS OF SUBSEC-
19 TION (4).

20 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, BEFORE
21 SITTING FOR THE EXAMINATION REQUIRED UNDER SUBSECTION (3), AN
22 APPLICANT FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT
23 SHALL HAVE COMPLETED AT LEAST A CURRICULUM REQUIRED FOR A BACCA-
24 LAUREATE DEGREE WITH A CONCENTRATION IN ACCOUNTING AT AN EDUCA-
25 TIONAL INSTITUTION APPROVED BY THE BOARD. UNTIL JANUARY 1, 2000,
26 AN APPLICANT FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT
27 SHALL BE CONSIDERED TO HAVE FULFILLED THE EDUCATIONAL

1 REQUIREMENTS OF THIS SUBSECTION IF HE OR SHE IS SCHEDULED TO
2 RECEIVE HIS OR HER BACCALAUREATE DEGREE WITH A CONCENTRATION IN
3 ACCOUNTING FROM AN EDUCATIONAL INSTITUTION APPROVED BY THE BOARD,
4 WITHIN 30 DAYS AFTER THE DATE OF THE EXAMINATION REQUIRED UNDER
5 SUBSECTION (3), AS CERTIFIED BY THE CHIEF ACADEMIC OFFICER OF THE
6 EDUCATIONAL INSTITUTION. IF AN APPLICANT FAILS TO FULFILL THE
7 EDUCATIONAL REQUIREMENTS OF THE EDUCATIONAL INSTITUTION WITHIN
8 30 DAYS OF THE EXAMINATION, THEN THE BOARD SHALL NOT CREDIT THE
9 EXAMINATION RESULTS TO THE APPLICANT. BEGINNING JANUARY 1, 2000,
10 AN INDIVIDUAL SUBMITTING AN INITIAL APPLICATION FOR EXAMINATION
11 SHALL HAVE COMPLETED AT LEAST 150 SEMESTER HOURS OR EQUIVALENT
12 CREDITS OF COLLEGE OR UNIVERSITY COURSES, AND RECEIVED A BACCA-
13 LAUREATE OR GRADUATE DEGREE WITH A CONCENTRATION IN ACCOUNTING AT
14 AN EDUCATIONAL INSTITUTION RECOGNIZED BY THE BOARD.

15 (3) AN APPLICANT FOR A CERTIFICATE AS A CERTIFIED PUBLIC
16 ACCOUNTANT SHALL PASS AN EXAMINATION IN ACCOUNTING, AUDITING, AND
17 OTHER RELATED SUBJECTS, ACCEPTABLE TO THE DEPARTMENT AND THE
18 BOARD, AND SHALL PASS AN EXAMINATION THAT IS GIVEN RECIPROCAL
19 STATUS IN THE PLURALITY OF STATES AS COMPARED TO OTHER EXAMINA-
20 TIONS AND IS APPROVED BY THE BOARD.

21 (4) SUBJECT TO SUBSECTIONS (5) AND (6), UNTIL JANUARY 1,
22 2000, AN APPLICANT FOR A CERTIFICATE AS A CERTIFIED PUBLIC
23 ACCOUNT SHALL HAVE 2 YEARS OF QUALIFYING EXPERIENCE, AND BEGIN-
24 NING JANUARY 1, 2000, AN APPLICANT FOR A CERTIFICATE AS A CERTI-
25 FIED PUBLIC ACCOUNTANT SHALL HAVE 1 YEAR OF QUALIFYING EXPERIENCE
26 UNDER THE DIRECTION AND SUPERVISION OF A LICENSED CERTIFIED

1 PUBLIC ACCOUNTANT OF THIS OR ANOTHER STATE IN EITHER OF THE
2 FOLLOWING:

3 (A) THE PRACTICE OF PUBLIC ACCOUNTING WITH EXPERIENCE
4 OBTAINED IN 1 FINANCIAL AUDIT AND IN ALL OF THE FOLLOWING AREAS:

5 (i) THE APPLICATION OF A VARIETY OF AUDITING PROCEDURES AND
6 TECHNIQUES TO THE USUAL AND CUSTOMARY FINANCIAL TRANSACTIONS
7 RECORDED IN ACCOUNTING RECORDS.

8 (ii) THE PREPARATION OF WORKING PAPERS COVERING THE EXAMINA-
9 TION OF THE ACCOUNTS USUALLY FOUND IN ACCOUNTING RECORDS FOR
10 AUDIT, REVIEW, AND COMPILATION.

11 (iii) THE PARTICIPATION IN THE PLANNING OF THE PROGRAM OF
12 WORK INCLUDING THE SELECTION OF THE PROCEDURES TO BE FOLLOWED FOR
13 AUDIT, REVIEW, AND COMPILATION.

14 (iv) THE PARTICIPATION IN THE PREPARATION OF REPORTS,
15 INCLUDING WRITTEN EXPLANATIONS AND COMMENTS ON THE FINDINGS OF
16 THE EXAMINATIONS AND ON THE CONTENT OF THE ACCOUNTING RECORDS.

17 (v) THE PARTICIPATION IN THE PREPARATION AND ANALYSIS OF
18 FINANCIAL STATEMENTS TOGETHER WITH EXPLANATIONS AND NOTES.

19 (B) THE PRACTICE OF PUBLIC ACCOUNTING WITH A GOVERNMENTAL
20 AGENCY INVOLVING EITHER OF THE FOLLOWING:

21 (i) THE AUDITING OF THE BOOKS AND ACCOUNTS OR FINANCIAL
22 ACTIVITIES OF PERSONS ENGAGED IN 3 OR MORE DISTINCT LINES OF COM-
23 MERCIAL OR INDUSTRIAL BUSINESS IN ACCORDANCE WITH GENERALLY
24 ACCEPTED AUDITING STANDARDS OR GENERALLY ACCEPTED GOVERNMENT
25 AUDITING STANDARDS.

26 (ii) THE AUDITING OF THE BOOKS AND ACCOUNTS OF FINANCIAL
27 ACTIVITIES OF 3 OR MORE DISTINCT GOVERNMENTAL AGENCIES OR

1 INDEPENDENT ORGANIZATIONAL UNITS OTHER THAN AN EMPLOYER OF THE
2 APPLICANT IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STAN-
3 DARDS OR GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS, AND IN
4 WHICH THE RESULTS OF THE AUDITING ARE REPORTED TO A THIRD PARTY.

5 (5) UNTIL JANUARY 1, 2000, AN INDIVIDUAL WHO HAS DONE BOTH
6 OF THE FOLLOWING IS CONSIDERED TO HAVE RECEIVED THE EQUIVALENT OF
7 1 YEAR OF QUALIFYING EXPERIENCE UNDER SUBSECTION (4):

8 (A) HAS EARNED A GRADUATE DEGREE IN ACCOUNTING OR ITS EQUIV-
9 ALENT AT AN EDUCATIONAL INSTITUTION APPROVED BY THE BOARD.

10 (B) HAS COMPLETED A CURRICULUM IN PUBLIC ACCOUNTING AS PRE-
11 SCRIBED IN RULES PROMULGATED BY THE BOARD.

12 (6) UNTIL JANUARY 1, 2000, AN INDIVIDUAL WHO HAS DONE ALL OF
13 THE FOLLOWING IS CONSIDERED TO HAVE RECEIVED THE EQUIVALENT OF 2
14 YEARS OF QUALIFYING EXPERIENCE UNDER SUBSECTION (4):

15 (A) HAS EARNED A GRADUATE DEGREE IN ACCOUNTING OR ITS EQUIV-
16 ALENT AT AN EDUCATIONAL INSTITUTION RECOGNIZED BY THE BOARD AND
17 HAS COMPLETED A CURRICULUM IN PUBLIC ACCOUNTING AS PRESCRIBED IN
18 RULES PROMULGATED BY THE BOARD.

19 (B) HAS COMPLETED AT LEAST 2 YEARS AS A FULL-TIME INSTRUCTOR
20 OF ACCOUNTING IN SUBJECTS ABOVE THE ELEMENTARY LEVEL PRESCRIBED
21 IN RULES PROMULGATED BY THE BOARD.

22 SEC. 726. (1) THE DEPARTMENT SHALL ISSUE A CERTIFICATE AS A
23 CERTIFIED PUBLIC ACCOUNTANT TO AN INDIVIDUAL WHO MEETS BOTH OF
24 THE FOLLOWING REQUIREMENTS:

25 (A) HOLDS A VALID AND UNREVOKED CERTIFICATE AS A CERTIFIED
26 PUBLIC ACCOUNTANT ISSUED BY OR UNDER THE AUTHORITY OF ANOTHER
27 STATE OR UNITED STATES JURISDICTION.

1 (B) PROVIDES PROOF THAT THE APPLICANT'S ORIGINAL CERTIFICATE
2 AS A CERTIFIED PUBLIC ACCOUNTANT WAS SECURED ON THE BASIS OF
3 REQUIREMENTS THAT THE BOARD DETERMINES ARE EQUIVALENT TO THE
4 STANDARDS REQUIRED FOR QUALIFICATION IN THIS STATE AT THE SAME
5 TIME THE APPLICANT WAS ISSUED HIS OR HER ORIGINAL CERTIFICATE.

6 (2) THE DEPARTMENT SHALL ISSUE A CERTIFICATE AS A CERTIFIED
7 PUBLIC ACCOUNTANT TO AN INDIVIDUAL WHO MEETS BOTH OF THE FOLLOW-
8 ING REQUIREMENTS:

9 (A) HOLDS A VALID AND UNREVOKED CERTIFICATE AS A CERTIFIED
10 PUBLIC ACCOUNTANT OR AN EQUIVALENT TITLE ISSUED BY OR UNDER THE
11 AUTHORITY OF A JURISDICTION OUTSIDE THE UNITED STATES THAT THE
12 BOARD DETERMINES TO BE EQUIVALENT TO THE REQUIREMENTS TO OBTAIN A
13 CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE.

14 (B) HAS PASSED AN EXAMINATION ON TOPICS SPECIFIC TO THE
15 PRACTICE OF PUBLIC ACCOUNTING IN THE UNITED STATES AND APPROVED
16 BY THE BOARD.

17 SEC. 727. AFTER OBTAINING A CERTIFICATE AS A CERTIFIED
18 PUBLIC ACCOUNTANT UNDER SECTION 726, AN INDIVIDUAL SHALL DO 1 OF
19 THE FOLLOWING:

20 (A) IF THE INDIVIDUAL ONLY SEEKS TO USE A TITLE AUTHORIZED
21 BY THIS ARTICLE, THE INDIVIDUAL SHALL APPLY FOR REGISTRATION
22 UNDER THIS ARTICLE.

23 (B) IF THE INDIVIDUAL SEEKS TO USE A TITLE AUTHORIZED BY
24 THIS ARTICLE AND TO ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING,
25 THE INDIVIDUAL SHALL APPLY FOR LICENSURE UNDER THIS ARTICLE. A
26 NONRESIDENT MEMBER OF A FIRM WHO HAS AUTHORITY FOR THE FIRM'S

1 PRACTICE OF PUBLIC ACCOUNTING IN THIS STATE IS CONSIDERED TO BE
2 ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE.

3 SEC. 728. (1) A FIRM ORGANIZED FOR THE PRACTICE OF PUBLIC
4 ACCOUNTING SHALL APPLY FOR AND OBTAIN A LICENSE UNDER THIS ARTI-
5 CLE IN ORDER TO ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING IN
6 THIS STATE. THE FIRM APPLYING FOR LICENSURE UNDER THIS ARTICLE
7 SHALL MEET BOTH OF THE FOLLOWING REQUIREMENTS:

8 (A) AT LEAST 2/3 OF THE EQUITY AND VOTING RIGHTS OF THE FIRM
9 ARE HELD BY INDIVIDUALS WHO ARE LICENSED IN GOOD STANDING AS CER-
10 TIFIED PUBLIC ACCOUNTANTS OF THIS OR ANOTHER STATE OR THE EQUIVA-
11 LENT IN ANOTHER LICENSING JURISDICTION ACCEPTABLE TO THE BOARD.

12 (B) THE PRINCIPAL OFFICER OF THE FIRM AND EACH OFFICER OR
13 DIRECTOR HAVING AUTHORITY FOR THE PRACTICE OF PUBLIC ACCOUNTING
14 BY THE FIRM ARE LICENSED IN GOOD STANDING AS CERTIFIED PUBLIC
15 ACCOUNTANTS IN THIS OR ANOTHER STATE OR THE EQUIVALENT IN ANOTHER
16 LICENSING JURISDICTION ACCEPTABLE TO THE BOARD.

17 (2) A FIRM SHALL PROVIDE A CHANGE IN ADDRESS TO THE DEPART-
18 MENT WITHIN 30 DAYS OF THE CHANGE.

19 SEC. 729. (1) IN ORDER TO RENEW AN INDIVIDUAL LICENSE, A
20 LICENSEE SHALL COMPLETE AT LEAST 40 HOURS OF CONTINUING EDUCATION
21 FOR EACH YEAR SINCE THE ISSUANCE OF THE ORIGINAL LICENSE OR THE
22 LAST RENEWAL.

23 (2) THE BOARD MAY MAKE EXCEPTIONS FROM THE CONTINUING EDUCA-
24 TION REQUIREMENTS OF SUBSECTION (1) FOR REASONS OF HEALTH, MILI-
25 TARY SERVICE, OR OTHER GOOD CAUSE.

1 SEC. 730. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,
2 A CERTIFIED PUBLIC ACCOUNTANT MAY CHARGE OR RECEIVE A CONTINGENT
3 FEE.

4 (2) A LICENSEE SHALL NOT CHARGE OR RECEIVE A CONTINGENT FEE
5 DURING THE PERIOD IN WHICH A LICENSEE OR A LICENSEE'S FIRM IS
6 ENGAGED TO PERFORM 1 OR MORE OF THE FOLLOWING SERVICES OR DURING
7 THE PERIOD OF TIME COVERED BY ANY HISTORICAL FINANCIAL STATEMENTS
8 INVOLVED IN THOSE SERVICES:

9 (A) AN AUDIT OR REVIEW OF A FINANCIAL STATEMENT.

10 (B) A COMPILATION OF A FINANCIAL STATEMENT WHEN THE LICENSEE
11 EXPECTS, OR MAY REASONABLY EXPECT, THAT A THIRD PARTY WILL USE
12 THE FINANCIAL STATEMENT AND THAT THE COMPILATION REPORT DOES NOT
13 DISCLOSE A LACK OF INDEPENDENCE.

14 (C) AN EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION.

15 (3) A LICENSEE SHALL NOT CHARGE OR RECEIVE A CONTINGENT FEE
16 FOR THE PREPARATION OF AN ORIGINAL OR AMENDED TAX RETURN OR CLAIM
17 FOR A TAX REFUND.

18 (4) AS USED IN THIS SECTION, "CONTINGENT FEE" MEANS A FEE
19 ESTABLISHED FOR THE PERFORMANCE OF A SERVICE PURSUANT TO AN
20 ARRANGEMENT IN WHICH NO FEE WILL BE CHARGED UNLESS A SPECIFIED
21 FINDING OR RESULT IS ATTAINED OR IN AN ARRANGEMENT WHERE THE
22 AMOUNT OF THE FEE IS DEPENDENT UPON A FINDING OR RESULT OF THE
23 SERVICE. CONTINGENT FEE DOES NOT INCLUDE A FEE FIXED BY A COURT
24 OR OTHER PUBLIC AUTHORITY AND, IN TAX MATTERS, A FEE DETERMINED
25 BASED UPON THE RESULTS OF JUDICIAL PROCEEDINGS OR THE FINDINGS OF
26 A GOVERNMENTAL AGENCY.

1 SEC. 731. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,
2 A CERTIFIED PUBLIC ACCOUNTANT MAY PERFORM SERVICES FOR OR RECEIVE
3 FOR SERVICES A COMMISSION AS LONG AS THE CERTIFIED PUBLIC ACCOUN-
4 TANT DISCLOSES THAT ARRANGEMENT TO THE PERSON TO WHOM THE CERTI-
5 FIED PUBLIC ACCOUNTANT RECOMMENDS OR REFERS A PRODUCT OR SERVICE
6 TO WHICH THE COMMISSION RELATES.

7 (2) A LICENSED CERTIFIED PUBLIC ACCOUNTANT SHALL NOT RECEIVE
8 A COMMISSION FOR RECOMMENDING OR REFERRING TO A CLIENT A PRODUCT
9 OR SERVICE OR FOR CAUSING TO BE RECOMMENDED, REFERRED, OR SUP-
10 PLIED TO A CLIENT A PRODUCT OR SERVICE DURING THE PERIOD IN WHICH
11 A LICENSEE OR A LICENSEE'S FIRM IS ENGAGED BY THE CLIENT TO PER-
12 FORM 1 OR MORE OF THE FOLLOWING SERVICES OR DURING THE PERIOD OF
13 TIME COVERED BY ANY HISTORICAL FINANCIAL STATEMENTS IN THOSE
14 SERVICES:

15 (A) AN AUDIT OR REVIEW OF A FINANCIAL STATEMENT.

16 (B) A COMPILATION OF FINANCIAL STATEMENT WHEN THE LICENSEE
17 EXPECTS, OR MAY REASONABLY EXPECT, THAT A THIRD PARTY WILL USE
18 THE FINANCIAL STATEMENT AND THAT THE COMPILATION REPORT DOES NOT
19 DISCLOSE A LACK OF INDEPENDENCE.

20 (C) AN EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION.

21 (3) THIS SECTION DOES NOT PROHIBIT A LICENSEE FROM PAYING OR
22 RECEIVING A REFERRAL FEE FOR RECOMMENDING OR REFERRING A SERVICE
23 INVOLVING THE PRACTICE OF PUBLIC ACCOUNTING IF THE PAYMENT OR
24 RECEIPT OF THE REFERRAL FEE IS DISCLOSED TO THE CLIENT.

25 SEC. 732. (1) EXCEPT BY WRITTEN PERMISSION OF THE CLIENT TO
26 WHOM THE INFORMATION PERTAINS, INDIVIDUAL, OR FIRM, OR THE HEIR,
27 SUCCESSOR, OR PERSONAL REPRESENTATIVE OF THE EMPLOYER, A

1 LICENSEE, OR A PERSON EMPLOYED BY A LICENSEE, SHALL NOT DISCLOSE
2 OR DIVULGE AND SHALL NOT BE REQUIRED TO DISCLOSE OR DIVULGE
3 INFORMATION RELATIVE TO AND IN CONNECTION WITH AN EXAMINATION OR
4 AUDIT OF, OR REPORT ON, BOOKS, RECORDS, OR ACCOUNTS THAT THE
5 LICENSEE OR A PERSON EMPLOYED BY THE LICENSEE WAS EMPLOYED TO
6 MAKE. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE INFORMA-
7 TION DERIVED FROM OR AS THE RESULT OF PROFESSIONAL SERVICE
8 RENDERED BY A CERTIFIED PUBLIC ACCOUNTANT IS CONFIDENTIAL AND
9 PRIVILEGED.

10 (2) SUBSECTION (1) DOES NOT PROHIBIT A CERTIFIED PUBLIC
11 ACCOUNTANT WHOSE PROFESSIONAL COMPETENCE HAS BEEN CHALLENGED IN A
12 COURT OF LAW OR BEFORE AN ADMINISTRATIVE AGENCY FROM DISCLOSING
13 INFORMATION OTHERWISE CONFIDENTIAL AND PRIVILEGED AS PART OF A
14 DEFENSE IN THE COURT ACTION OR ADMINISTRATIVE HEARING.

15 (3) SUBSECTION (1) DOES NOT PROHIBIT THE DISCLOSURE OF
16 INFORMATION REQUIRED TO BE DISCLOSED IN THE COURSE OF PRACTICE
17 MONITORING PROGRAMS AND ETHICAL INVESTIGATIONS CONDUCTED BY A
18 LICENSED CERTIFIED PUBLIC ACCOUNTANT. IN SUCH CASES, THE INFOR-
19 MATION DISCLOSED TO ANOTHER LICENSED CERTIFIED PUBLIC ACCOUNTANT
20 IN THE COURSE OF PRACTICE MONITORING PROGRAMS AND ETHICAL INVES-
21 TIGATIONS IS CONFIDENTIAL AND PRIVILEGED TO THE SAME DEGREE AND
22 IN THE SAME MANNER AS PROVIDED FOR IN SUBSECTION (1).

23 SEC. 733. (1) STATEMENTS, RECORDS, SCHEDULES, WORKING
24 PAPERS, OR MEMORANDA MADE BY A LICENSEE OR BY AN EMPLOYEE OF A
25 LICENSEE SHALL REMAIN THE PROPERTY OF THE LICENSEE UNLESS THERE
26 IS AN AGREEMENT TO THE CONTRARY. THIS SUBSECTION DOES NOT APPLY
27 TO A REPORT SUBMITTED BY A LICENSEE TO A CLIENT OR A DOCUMENT

1 CONSTITUTING THE ORIGINAL BOOKS OR RECORDS OF A CLIENT'S
2 BUSINESS.

3 (2) STATEMENTS, RECORDS, SCHEDULES, WORKING PAPERS, OR MEMO-
4 RANDA PERTAINING TO A CLIENT SHALL NOT BE SOLD, TRANSFERRED, OR
5 BEQUEATHED WITHOUT CONSENT OF THE CLIENT OR THE CLIENT'S PERSONAL
6 REPRESENTATIVE AND SHALL NOT BE ASSIGNED EXCEPT TO 1 OR MORE SUR-
7 VIVING PARTNERS OR A NEW PARTNER OF THE LICENSEE OR MEMBERS OF
8 THE LICENSEE'S FIRM.

9 SEC. 734. A HOLDER OF A CERTIFICATE AS A CERTIFIED PUBLIC
10 ACCOUNTANT, A REGISTRATION, OR A LICENSE IS SUBJECT TO THE PENAL-
11 TIES OF SECTION 602 FOR 1 OR MORE OF THE FOLLOWING:

12 (A) FRAUD OR DECEIT IN OBTAINING A CERTIFICATE AS A CERTI-
13 FIED PUBLIC ACCOUNTANT, A LICENSE TO PRACTICE PUBLIC ACCOUNTING,
14 OR A REGISTRATION UNDER THIS ARTICLE.

15 (B) DISHONESTY, FRAUD, OR NEGLIGENCE IN THE PRACTICE OF
16 PUBLIC ACCOUNTING.

17 (C) VIOLATION OF A RULE OF PROFESSIONAL CONDUCT PROMULGATED
18 BY THE BOARD.

19 (D) CONVICTION OF A FELONY UNDER THE LAWS OF THIS OR ANOTHER
20 STATE OR THE UNITED STATES OR CONVICTION OF A CRIME, AN ELEMENT
21 OF WHICH IS DISHONESTY, FRAUD, OR NEGLIGENCE, UNDER THE LAWS OF
22 THIS OR ANOTHER STATE OR OF THE UNITED STATES, INCLUDING, BUT NOT
23 LIMITED TO, THE FAILURE TO FILE A PERSONAL FEDERAL, STATE, OR
24 LOCAL INCOME TAX RETURN.

25 (E) CANCELLATION, REVOCATION, SUSPENSION, OR REFUSAL TO
26 RENEW AUTHORITY TO PRACTICE AS A CERTIFIED PUBLIC ACCOUNTANT BY

1 ANOTHER STATE FOR A CAUSE OTHER THAN FAILURE TO PAY A LICENSURE
2 OR OTHER REQUIRED FEE IN THAT STATE.

3 (F) SUSPENSION OR REVOCATION FOR CAUSE OF THE RIGHT TO
4 ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTING BEFORE A STATE OR
5 FEDERAL AGENCY.

6 (G) CONDUCT DISCREDITABLE TO THE PUBLIC ACCOUNTING
7 PROFESSION.

8 (H) DETERMINATION OF MENTAL INCOMPETENCY BY A COURT OF LAW.

9 (I) A VIOLATION OF THIS ARTICLE OR A RULE PROMULGATED UNDER
10 THIS ARTICLE.

11 (J) A VIOLATION OF THE PROVISIONS OF SECTION 604.

12 (K) A VIOLATION OF PROFESSIONAL STANDARDS REGARDING THE
13 ISSUANCE OF REPORTS ON FINANCIAL STATEMENTS; 1 OR MORE KINDS OF
14 MANAGEMENT ADVISORY, FINANCIAL ADVISORY, OR CONSULTING SERVICES;
15 THE PREPARATION OF TAX RETURNS; OR THE FURNISHING OF ADVICE ON
16 TAX MATTERS.

17 SEC. 735. A PERSON WHO VIOLATES SECTION 723(1) OR (4) IS
18 GUILTY OF A MISDEMEANOR, PUNISHABLE BY A FINE OF NOT MORE THAN
19 \$5,000.00, OR IMPRISONMENT FOR NOT MORE THAN 1 YEAR, OR BOTH.

20 Section 2. Sections 701 to 716 of Act No. 299 of the Public
21 Acts of 1980, being sections 339.701 to 339.716 of the Michigan
22 Compiled Laws, are repealed.