

State of Arizona
Senate
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 82

SENATE BILL 1062

AN ACT

REPEALING SECTIONS 32-701, 32-702, 32-705, 32-706, 32-721, 32-727, 32-728, 32-733 AND 32-744, ARIZONA REVISED STATUTES; RENUMBERING SECTION 32-701.01, ARIZONA REVISED STATUTES, AS SECTION 32-701; AMENDING SECTION 32-701, ARIZONA REVISED STATUTES, AS RENUMBERED; AMENDING TITLE 32, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-702; AMENDING SECTION 32-703, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-704 AND A NEW SECTION 32-705; AMENDING TITLE 32, CHAPTER 6, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-721; AMENDING SECTION 32-723, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 6, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 32-724, 32-725 AND 32-726; AMENDING SECTIONS 32-729 THROUGH 32-732, 32-734, 32-735, 32-741 AND 32-742, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-742.01; AMENDING SECTION 32-743, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-744; AMENDING SECTIONS 32-747, 32-748 AND 32-749, ARIZONA REVISED STATUTES; RELATING TO THE STATE BOARD OF ACCOUNTANCY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Repeal

3 Sections 32-701, 32-702, 32-705, 32-706, 32-721, 32-727, 32-728, 32-733
4 and 32-744, Arizona Revised Statutes, are repealed.

5 Sec. 2. Section 32-701.01, Arizona Revised Statutes, is renumbered as
6 section 32-701 and, as so renumbered, is amended to read:

7 32-701. Definitions

8 In this chapter, unless the context otherwise requires:

9 ~~1. "Attest function engagement" means an engagement in which the~~
10 ~~registrant is engaged to issue or issues a written communication that~~
11 ~~expresses a conclusion about the reliability of a written assertion that is~~
12 ~~the responsibility of another party.~~

13 1. "ACCREDITED INSTITUTION" MEANS ANY PUBLIC OR PRIVATE REGIONALLY OR
14 NATIONALLY ACCREDITED COLLEGE OR UNIVERSITY THAT IS ACCREDITED BY AN
15 ORGANIZATION RECOGNIZED BY THE COUNCIL FOR HIGHER EDUCATION ACCREDITATION OR
16 ITS SUCCESSOR AGENCY.

17 2. "ATTESTATION" OR "ATTEST FUNCTION" MEANS THE ISSUANCE BY A
18 REGISTRANT OF A WRITTEN COMMUNICATION THAT EXPRESSES A CONCLUSION ABOUT THE
19 RELIABILITY OF A WRITTEN ASSERTION THAT IS THE RESPONSIBILITY OF ANOTHER
20 PARTY.

21 ~~2.~~ 3. "Board" means the ARIZONA STATE board of accountancy
22 established by section ~~32-701~~ 32-702.

23 4. "CERTIFIED PUBLIC ACCOUNTANT" MEANS A PERSON WHO HAS BEEN ISSUED
24 A CERTIFICATE OF AUTHORITY BY THE BOARD TO PRACTICE AS A CERTIFIED PUBLIC
25 ACCOUNTANT, INCLUDING A PERSON ON INACTIVE STATUS.

26 ~~3.~~ 5. "Conviction" means a judgment of conviction by any state or
27 federal court of competent jurisdiction in a criminal cause, regardless of
28 whether an appeal is pending or could be taken, and includes any judgment or
29 order based on a plea of no contest.

30 ~~4.~~ 6. "Disciplinary action" means any other regulatory sanctions
31 imposed by the board in combination with, or as an alternative to, revocation
32 or suspension of a certificate or registration, including the imposition of:

33 (a) An administrative penalty in an amount not to exceed two thousand
34 dollars for each violation of this chapter or rules adopted pursuant to this
35 chapter.

36 (b) Restrictions on the scope of registrants' accounting practice,
37 including, without limitation, restriction of audit or attest function
38 practice, restriction of tax practice, or restriction of management advisory
39 practice.

40 (c) Peer review and professional education requirements.

41 (d) A decree of censure.

42 (e) Probation requirements best adapted to protect the public welfare
43 including THAT MAY INCLUDE a requirement for restitution payments to
44 accounting services clients or to other persons suffering economic loss

1 resulting from violations of this chapter or rules adopted pursuant to this
2 chapter.

3 (f) Reimbursement of the board's costs of investigations and
4 proceedings initiated under this chapter.

5 ~~5.~~ 7. "Federal securities laws" means the securities act of 1933, the
6 securities exchange act of 1934, the public utility holding company act of
7 1935 and the investment company act of 1940, as amended.

8 ~~6.~~ 8. "Firm" means a business organization THAT IS ENGAGED IN THE
9 PRACTICE OF ACCOUNTING AND THAT IS established under the laws of any state
10 as OR FOREIGN COUNTRY, INCLUDING a sole practitioner, partnership,
11 professional corporation, or professional limited liability company. Firm
12 also includes a, limited liability company, LIMITED LIABILITY PARTNERSHIP OR
13 ANY OTHER ENTITY RECOGNIZED BY THE BOARD that is established under the laws
14 of any state or foreign country, that is organized for the purpose of
15 rendering accounting services and that has met the applicable requirements
16 contained in sections 32-731 and 32-732.

17 ~~7.~~ 9. "Letter of concern" means an advisory letter to notify a
18 registrant that, while the evidence does not warrant disciplinary action, the
19 board believes that the registrant should modify or eliminate certain
20 practices and that continuation of the activities that led to the evidence
21 being submitted to the board may result in board action against the
22 registrant. A letter of concern is not a disciplinary action.

23 ~~8.~~ 10. "Practice of accounting" ~~as a certified public accountant or~~
24 ~~as a public accountant" means the provision of PROVIDING any accounting~~
25 services, including recording and summarizing financial transactions,
26 analyzing and verifying financial information, EXAMINING, REVIEWING AND
27 REPORTING ON FINANCIAL STATEMENTS, reporting financial results to an
28 employer, clients or other parties and rendering ATTESTATION, tax and
29 management advisory services to an employer, clients or other parties.

30 ~~9.~~ 11. "Public accountant" means a person who has been issued a
31 certificate of authority by the board to practice as a public accountant,
32 INCLUDING A PERSON ON INACTIVE STATUS.

33 ~~10.~~ 12. "Related courses" means:

- 34 (a) BUSINESS ADMINISTRATION.
35 (b) STATISTICS.
36 (c) COMPUTER SCIENCE, INFORMATION SYSTEMS OR DATA PROCESSING.
37 (d) Economics. , corporate
38 (e) Finance. ,
39 (f) MANAGEMENT.
40 (g) Business law. ,
41 (h) COLLEGE ALGEBRA OR MORE ADVANCED mathematics. and advanced English
42 composition or
43 (i) ADVANCED WRITTEN COMMUNICATION.
44 (j) ADVANCED ORAL COMMUNICATION.
45 (k) ETHICS.

1 (1) Other courses closely related to the subject of accounting and
2 satisfactory to the board.

3 ~~11.~~ 13. "Restricted financial services" means the following services
4 rendered by the holder of a certificate issued by the board:

5 (a) Audits or other engagements performed in accordance with the
6 statements on auditing standards adopted by the American institute of
7 certified public accountants.

8 (b) Reviews of financial statements performed in accordance with the
9 statements on standards for accounting and review services adopted by the
10 American institute of certified public accountants.

11 ~~Examinations of prospective financial information~~ ATTESTATION
12 ENGAGEMENTS performed in accordance with the statements on standards for
13 attestation engagements adopted by the American institute of certified public
14 accountants.

15 Sec. 3. Title 32, chapter 6, article 1, Arizona Revised Statutes, is
16 amended by adding a new section 32-702, to read:

17 32-702. Arizona state board of accountancy; membership;
18 administrative duties; compensation

19 A. THE ARIZONA STATE BOARD OF ACCOUNTANCY IS ESTABLISHED TO ADMINISTER
20 AND ENFORCE THIS CHAPTER.

21 B. THE BOARD CONSISTS OF SEVEN MEMBERS WHO ARE RESIDENTS OF THIS STATE
22 AND WHO ARE APPOINTED BY THE GOVERNOR AS FOLLOWS:

23 1. FIVE MEMBERS WHO CURRENTLY HOLD VALID CERTIFICATES ISSUED PURSUANT
24 TO THIS CHAPTER. AT LEAST THREE OF THESE MEMBERS MUST BE IN ACTIVE PUBLIC
25 PRACTICE AS CERTIFIED PUBLIC ACCOUNTANTS. NO MORE THAN ONE OF THESE MEMBERS
26 MAY BE FROM THE SAME FIRM. IF A MEMBER'S CERTIFICATE IS ON PROBATION,
27 REVOKED OR SUSPENDED, THE MEMBER'S APPOINTMENT AUTOMATICALLY TERMINATES AND
28 THE POSITION BECOMES VACANT.

29 2. TWO PUBLIC MEMBERS WHO DO NOT HOLD A CERTIFICATE ISSUED PURSUANT
30 TO THIS CHAPTER BUT WHO HAVE PROFESSIONAL OR PRACTICAL EXPERIENCE IN USING
31 ACCOUNTING SERVICES AND FINANCIAL STATEMENTS AND WHO ARE QUALIFIED TO MAKE
32 JUDGMENTS ABOUT THE QUALIFICATIONS AND CONDUCT OF PERSONS AND FIRMS SUBJECT
33 TO THIS CHAPTER.

34 C. THE TERM OF OFFICE OF MEMBERS OF THE BOARD IS FIVE YEARS, BEGINNING
35 AND ENDING ON JULY 3, EXCEPT THAT THE GOVERNOR MAY REMOVE ANY MEMBER FOR
36 NEGLECT OF DUTY OR OTHER JUST CAUSE. THE GOVERNOR SHALL FILL VACANCIES BY
37 APPOINTMENT FOR THE UNEXPIRED TERM. A PERSON WHO HAS SERVED A COMPLETE TERM
38 IS NOT ELIGIBLE FOR REAPPOINTMENT FOR A PERIOD OF ONE YEAR.

39 D. THE BOARD SHALL ANNUALLY ELECT A PRESIDENT, SECRETARY AND TREASURER
40 FROM AMONG ITS MEMBERS. THE PRESIDENT, SECRETARY OR TREASURER MAY SIGN AND
41 APPROVE CLAIMS FILED AGAINST THE BOARD OF ACCOUNTANCY FUND TO PAY EXPENSES
42 INCURRED UNDER THIS CHAPTER.

43 E. THE BOARD SHALL HAVE A SEAL THAT SHALL BE JUDICIALLY NOTICED.

44 F. THE BOARD SHALL RETAIN OR PROVIDE FOR RETENTION OF THE FOLLOWING
45 ACCORDING TO ITS RETENTION SCHEDULE PURSUANT TO SECTION 41-1351:

- 1 1. ALL DOCUMENTS UNDER OATH THAT ARE FILED WITH THE BOARD.
- 2 2. RECORDS OF ITS PROCEEDINGS.
- 3 G. EACH MEMBER OF THE BOARD IS ELIGIBLE FOR COMPENSATION OF ONE
- 4 HUNDRED DOLLARS FOR EACH DAY OR PART OF A DAY SPENT, PLUS REIMBURSEMENT FOR
- 5 THE MEMBER'S ACTUAL AND NECESSARY EXPENSES INCURRED, IN DISCHARGING THE
- 6 MEMBER'S OFFICIAL DUTIES.

7 Sec. 4. Section 32-703, Arizona Revised Statutes, is amended to read:
8 32-703. Powers and duties; rules; executive director; advisory
9 committees and persons

10 ~~A. The board may adopt, and amend from time to time, rules pertaining~~
11 ~~to persons certified or registered by the board concerning the following~~
12 ~~matters:~~

13 A. THE PRIMARY DUTY OF THE BOARD IS TO PROTECT THE PUBLIC FROM
14 UNLAWFUL, INCOMPETENT, UNQUALIFIED OR UNPROFESSIONAL CERTIFIED PUBLIC
15 ACCOUNTANTS OR PUBLIC ACCOUNTANTS THROUGH CERTIFICATION, REGULATION AND
16 REHABILITATION.

17 B. THE BOARD MAY:

18 1. INVESTIGATE COMPLAINTS FILED WITH THE BOARD OR ON ITS OWN MOTION
19 TO DETERMINE WHETHER A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT HAS
20 ENGAGED IN CONDUCT IN VIOLATION OF THIS CHAPTER OR RULES ADOPTED PURSUANT TO
21 THIS CHAPTER.

22 ~~2. Establishment and maintenance of~~ ESTABLISH AND MAINTAIN high
23 standards of competence, independence and integrity in the practice of
24 accounting ~~as~~ BY a certified public accountant or ~~as~~ BY a public accountant
25 as required by generally accepted auditing standards and generally accepted
26 accounting principles and, in the case of publicly held corporations or
27 enterprises offering securities for sale, in accordance with state or federal
28 securities agency accounting requirements.

29 ~~3. Establishment of~~ ESTABLISH reporting requirements ~~which would~~
30 THAT require registrants to report any suspension or revocation of THE right
31 to practice before the federal securities AND exchange commission or other
32 government agencies, criminal convictions, civil judgments involving
33 negligence in the practice of accounting ~~as~~ BY a certified public accountant
34 or ~~as~~ BY a public accountant and judgments or orders as described in section
35 32-741, subsection A, paragraphs 7 and 8.

36 ~~4. Establishment of~~ ESTABLISH basic requirements for continuing
37 professional education of certified public accountants and public
38 accountants, except that such THE requirements shall not exceed eighty
39 classroom hours in any registration renewal period.

40 ~~5. Adoption of~~ ADOPT procedures concerning disciplinary actions,
41 administrative hearings and consent decisions.

42 6. ISSUE TO QUALIFIED APPLICANTS CERTIFICATES EXECUTED FOR AND ON
43 BEHALF OF THE BOARD BY THE SIGNATURES OF THE PRESIDENT AND SECRETARY OF THE
44 BOARD.

1 7. ADOPT PROCEDURES AND RULES CONCERNING EXAMINATION AND GRADING THE
2 EXAMINATIONS OF PERSONS APPLYING FOR A CERTIFICATE AS REQUIRED BY THIS
3 CHAPTER.

4 8. REQUIRE PEER REVIEW PURSUANT TO RULES ADOPTED BY THE BOARD ON A
5 GENERAL AND RANDOM BASIS OF THE PROFESSIONAL WORK OF A REGISTRANT ENGAGED IN
6 THE PRACTICE OF ACCOUNTING.

7 9. EMPLOY AN EXECUTIVE DIRECTOR AND OTHER PERSONNEL THAT IT CONSIDERS
8 NECESSARY TO ADMINISTER AND ENFORCE THIS CHAPTER.

9 10. APPOINT COMMITTEES OR PERSONS AS IT CONSIDERS NECESSARY TO ADVISE
10 OR ASSIST THE BOARD IN ADMINISTERING AND ENFORCING THIS CHAPTER. THESE
11 COMMITTEES AND PERSONS SERVE AT THE PLEASURE OF THE BOARD.

12 11. TAKE ALL ACTION THAT IS NECESSARY AND PROPER TO EFFECTUATE THE
13 PURPOSES OF THIS CHAPTER.

14 12. SUE AND BE SUED IN ITS OFFICIAL NAME AS AN AGENCY OF THIS STATE.

15 ~~5.~~ 13. Adoption of ADOPT AND AMEND rules concerning the definition
16 of terms, and for the orderly conduct of the board's affairs and the
17 effective administration of this chapter.

18 ~~B. In addition to the requirements of title 41, chapter 6, at least
19 thirty days prior to the promulgation of any such rule or amendment, the
20 board shall mail copies of the proposed rule or amendment to each holder of
21 a certificate with a notice advising him of the proposed adoption date of the
22 rule or amendment and requesting that he submit his comments thereon at least
23 ten days prior to such proposed adoption date. Such comments shall be
24 advisory only. Failure of any certificate holder to receive such rule,
25 amendment or notice shall not affect the validity of any such rule or
26 amendment.~~

27 D. THE BOARD OR AN AUTHORIZED AGENT OF THE BOARD MAY:

28 1. ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE OF WITNESSES OR THE
29 PRODUCTION OF DOCUMENTS. IF A SUBPOENA IS DISOBEYED, THE BOARD MAY INVOKE
30 THE AID OF ANY COURT IN REQUIRING THE ATTENDANCE AND TESTIMONY OF WITNESSES
31 AND THE PRODUCTION OF DOCUMENTS.

32 2. ADMINISTER OATHS AND TAKE TESTIMONY.

33 3. COOPERATE WITH THE APPROPRIATE AUTHORITIES IN OTHER JURISDICTIONS
34 IN INVESTIGATION AND ENFORCEMENT CONCERNING VIOLATIONS OF THIS CHAPTER AND
35 COMPARABLE STATUTES OF OTHER JURISDICTIONS.

36 4. RECEIVE EVIDENCE CONCERNING ALL MATTERS WITHIN THE SCOPE OF THIS
37 CHAPTER.

38 Sec. 5. Title 32, chapter 6, article 1, Arizona Revised Statutes, is
39 amended by adding section 32-704 and a new section 32-705, to read:

40 32-704. Immunity from liability

41 THERE IS NO LIABILITY ON THE PART OF, AND NO CAUSE OF ACTION MAY ARISE
42 AGAINST, THE BOARD, ITS MEMBERS OR PROFESSIONAL INVESTIGATORS OR ANY BOARD
43 FORMED COMMITTEE AND ITS MEMBERS, AGENTS OR EMPLOYEES FOR ANY ACT DONE OR
44 PROCEEDING UNDERTAKEN OR PERFORMED IN GOOD FAITH AND IN FURTHERING THE
45 PURPOSES OF THIS CHAPTER.

1 32-705. Board of accountancy fund; disposition of monies

2 A. THE BOARD OF ACCOUNTANCY FUND IS ESTABLISHED CONSISTING OF FEES
3 AUTHORIZED BY THIS CHAPTER. EXCEPT AS PROVIDED BY SUBSECTION C OF THIS
4 SECTION, THE BOARD SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147,
5 NINETY PER CENT OF ALL MONIES COLLECTED UNDER THIS CHAPTER IN THE BOARD OF
6 ACCOUNTANCY FUND AND THE REMAINING TEN PER CENT IN THE STATE GENERAL FUND.

7 B. MONIES DEPOSITED IN THE FUND ARE SUBJECT TO SECTION 35-143.01.

8 C. MONIES COLLECTED BY THE BOARD AS ADMINISTRATIVE PENALTIES PURSUANT
9 TO THIS CHAPTER SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147,
10 IN THE STATE GENERAL FUND.

11 D. THE LEGISLATURE SHALL APPROPRIATE MONIES FROM THE FUND FOR THE
12 EXPENSES OF ADMINISTERING THIS CHAPTER, INCLUDING:

13 1. COSTS OF CONDUCTING INVESTIGATIONS, TAKING TESTIMONY AND PROCURING
14 THE ATTENDANCE OF WITNESSES BEFORE THE BOARD OR ITS COMMITTEES.

15 2. LEGAL PROCEEDINGS TAKEN FOR THE ENFORCEMENT OF THIS CHAPTER.

16 3. EDUCATIONAL PROGRAMS FOR THE BENEFIT OF THE PUBLIC, REGISTRANTS AND
17 THEIR EMPLOYEES.

18 Sec. 6. Title 32, chapter 6, article 2, Arizona Revised Statutes, is
19 amended by adding a new section 32-721, to read:

20 32-721. Certified public accountants; qualifications

21 A. THE BOARD SHALL ISSUE A CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT
22 TO ANY PERSON WHO:

23 1. MEETS THE REQUIREMENT TO TAKE THE EXAMINATION PURSUANT TO SECTION
24 32-723.

25 2. WITHIN A PERIOD OF TIME PRESCRIBED BY THE RULES OF THE BOARD, HAS
26 OBTAINED A PASSING GRADE IN EACH SUBJECT OF THE EXAMINATION FOR CERTIFIED
27 PUBLIC ACCOUNTANT IN THIS STATE, OR IN ANY OTHER STATE, TERRITORY OR
28 POSSESSION OF THE UNITED STATES THAT USES THE QUESTIONS AND GRADING
29 FACILITIES OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR ANY
30 OTHER INSTITUTION APPROVED BY THE BOARD.

31 3. MEETS THE FOLLOWING CHARACTER AND FITNESS REQUIREMENTS:

32 (a) IS AT LEAST EIGHTEEN YEARS OF AGE.

33 (b) IS OF GOOD MORAL CHARACTER.

34 (c) HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR
35 REVOCATION OR SUSPENSION OF A CERTIFICATE OR OTHER DISCIPLINARY ACTION
36 PURSUANT TO SECTION 32-741.

37 4. MEETS THE ADDITIONAL EXPERIENCE AND EDUCATIONAL REQUIREMENTS
38 PRESCRIBED BY EITHER SUBSECTION B OR C OF THIS SECTION, AS APPLICABLE.

39 B. IN ADDITION TO THE REQUIREMENTS PRESCRIBED BY SUBSECTION A OF THIS
40 SECTION, THROUGH JUNE 30, 2004, THE APPLICANT MUST MEET THE EXPERIENCE AND
41 EDUCATION REQUIREMENTS PRESCRIBED BY EITHER PARAGRAPH 1 OR 2 OF THIS
42 SUBSECTION AS FOLLOWS:

43 1. THE APPLICANT MUST HAVE BEEN EMPLOYED FULL TIME, EITHER BEFORE OR
44 AFTER PASSING EACH SECTION OF THE EXAMINATION FOR CERTIFIED PUBLIC
45 ACCOUNTANT, FOR A PERIOD OF AT LEAST TWO YEARS IN THE OFFICE OF A CERTIFIED

1 PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT, IN PRIVATE INDUSTRY OR IN A
2 GOVERNMENT AGENCY THAT HAS EXPOSED THE APPLICANT TO AND PROVIDED THE
3 APPLICANT WITH EXPERIENCE IN THE PRACTICE OF ACCOUNTING. THE BOARD MAY
4 ACCEPT PART-TIME EMPLOYMENT AS A SUBSTITUTE FOR THE REQUIREMENT OF TWO YEARS
5 OF FULL-TIME EMPLOYMENT IF THE PART-TIME EMPLOYMENT PROVIDES THE APPLICANT
6 WITH EQUIVALENT EXPERIENCE IN THE PRACTICE OF ACCOUNTING.

7 2. THE APPLICANT MUST HAVE COMPLETED ONE YEAR OF THE EXPERIENCE
8 DESCRIBED BY PARAGRAPH 1 OF THIS SUBSECTION AND HOLD A MASTER'S OR MORE
9 ADVANCED DEGREE IN ACCOUNTING, TAX OR BUSINESS ADMINISTRATION FROM AN
10 ACCREDITED INSTITUTION OR A COLLEGE OR UNIVERSITY MAINTAINING STANDARDS
11 COMPARABLE TO THOSE OF AN ACCREDITED INSTITUTION. THE ACADEMIC TRANSCRIPT
12 SHOWING COMPLETION OF THE DEGREE PROGRAM MUST INCLUDE AT LEAST THIRTY
13 SEMESTER HOURS IN ACCOUNTING AND RELATED COURSES, OF WHICH AT LEAST TWELVE
14 SEMESTER HOURS OF CREDIT MUST BE IN GRADUATE LEVEL ACCOUNTING COURSES.

15 C. IN ADDITION TO THE REQUIREMENTS PRESCRIBED BY SUBSECTION A OF THIS
16 SECTION, FROM AND AFTER JUNE 30, 2004, THE APPLICANT MUST MEET BOTH OF THE
17 FOLLOWING REQUIREMENTS:

18 1. HAVE BEEN EMPLOYED FULL TIME, EITHER BEFORE OR AFTER PASSING EACH
19 SECTION OF THE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANT, FOR AT LEAST ONE
20 YEAR IN THE OFFICE OF A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT, IN
21 PRIVATE INDUSTRY OR WITH A GOVERNMENT AGENCY THAT HAS EXPOSED THE APPLICANT
22 TO AND PROVIDED THE APPLICANT WITH EXPERIENCE IN THE PRACTICE OF ACCOUNTING.
23 THE BOARD MAY ACCEPT PART-TIME EMPLOYMENT AS A SUBSTITUTE FOR THE REQUIREMENT
24 OF ONE YEAR OF FULL-TIME EMPLOYMENT IF THE PART-TIME EMPLOYMENT PROVIDES THE
25 APPLICANT WITH EQUIVALENT EXPERIENCE IN THE PRACTICE OF ACCOUNTING.

26 2. PRESENT SATISFACTORY EVIDENCE FROM AN ACCREDITED INSTITUTION OR A
27 COLLEGE OR UNIVERSITY MAINTAINING STANDARDS COMPARABLE TO THOSE OF AN
28 ACCREDITED INSTITUTION THAT THE APPLICANT HAS COMPLETED AT LEAST ONE HUNDRED
29 FIFTY SEMESTER HOURS OF EDUCATION OF WHICH:

30 (a) AT LEAST THIRTY-SIX SEMESTER HOURS ARE ACCOUNTING COURSES OF WHICH
31 AT LEAST THIRTY SEMESTER HOURS ARE UPPER LEVEL COURSES.

32 (b) AT LEAST THIRTY SEMESTER HOURS ARE RELATED COURSES.

33 D. FOR THE PURPOSE OF TRANSITION TO EDUCATIONAL REQUIREMENTS DESCRIBED
34 IN SUBSECTION C, PARAGRAPH 2 OF THIS SECTION, THE BOARD SHALL ISSUE A
35 CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT TO ANY PERSON WHO:

36 1. MEETS THE REQUIREMENTS OF SUBSECTION A, PARAGRAPHS 1 AND 3 OF THIS
37 SECTION.

38 2. HAS COMPLETED THE REQUIREMENTS OF SUBSECTION A, PARAGRAPH 2 OF THIS
39 SECTION BY JUNE 30, 2004.

40 3. HAS COMPLETED THE REQUIREMENTS OF SUBSECTION B, PARAGRAPH 1 OR 2
41 OF THIS SECTION BY NOVEMBER 30, 2005.

42 4. ON OR BEFORE DECEMBER 31, 2005, SUBMITS A COMPLETED APPLICATION AND
43 ALL REQUIRED DOCUMENTATION FOR THE ISSUANCE OF A CERTIFICATE.

1 Sec. 7. Section 32-723, Arizona Revised Statutes, is amended to read:

2 32-723. Certified public accountant examination; qualifications

3 A. Examination of persons applying for certificates under this chapter
4 shall be held within the state, as the board decides, at least once each
5 year. ~~The time and place for holding an examination shall be advertised for~~
6 ~~not less than three consecutive days, not less than thirty days prior to the~~
7 ~~date of the examination, in at least one daily newspaper of general~~
8 ~~circulation published in the state.~~

9 B. A person shall not be permitted to take the examination unless the
10 person presents satisfactory evidence that the person has successfully
11 obtained a baccalaureate degree from a ~~public or private regionally~~
12 ~~accredited university or college in this state or from a college or~~
13 ~~university maintaining standards comparable to those of the private or public~~
14 ~~regionally accredited universities and colleges in this state. The academic~~
15 ~~transcript presented shall include a minimum of AN ACCREDITED INSTITUTION OR~~
16 ~~A COLLEGE OR UNIVERSITY MAINTAINING STANDARDS COMPARABLE TO THOSE OF AN~~
17 ~~ACCREDITED INSTITUTION. THE EVIDENCE MUST SHOW AT LEAST twenty-four semester~~
18 ~~hours in accounting courses of which twelve semester hours must be in~~
19 ~~intermediate accounting theory, advanced accounting, cost accounting,~~
20 ~~auditing theory and practice or income taxes, or any combination thereof, or~~
21 ~~advanced accounting courses equivalent thereof, and shall include an~~
22 ~~additional eighteen semester hours in related courses. ANY TRANSCRIPTS~~
23 ~~SUBMITTED AS EVIDENCE MUST BE FROM AN ACCREDITED INSTITUTION OR A COLLEGE OR~~
24 ~~UNIVERSITY MAINTAINING STANDARDS COMPARABLE TO THOSE OF AN ACCREDITED~~
25 ~~INSTITUTION.~~

26 C. THE BOARD SHALL DETERMINE the REQUIRED subjects in which applicants
27 may be examined. ~~are:~~

28 1. ~~Financial accounting and reporting for business enterprises.~~

29 2. ~~Accounting and reporting for taxation and managerial purposes and~~
30 ~~for governmental and nonprofit organizations.~~

31 3. ~~Auditing.~~

32 4. ~~Business law, ethics and professional responsibilities.~~

33 5. ~~Other subjects as the board may adopt.~~

34 D. All examinations provided for in this section shall be written upon
35 forms provided CONDUCTED IN A MANNER PRESCRIBED by the board and may be held
36 under the joint auspices and control of the board and the American institute
37 of certified public accountants. The board may make use of all or any part
38 of the uniform A certified public accountants' examination and advisory
39 grading service, or both, as it deems appropriate to assist it in performing
40 its duties.

41 E. All ~~examination papers~~ EXAMINATIONS shall be graded under the
42 auspices of the board or the board of examiners of the American institute of
43 certified public accountants. Each subject shall be graded separately.
44 Within a reasonable time after the examination the board shall notify each
45 candidate of the candidate's grading GRADE. ~~All examination papers shall be~~

1 ~~preserved for ninety days after the uniform grade release date. If a~~
2 ~~candidate submits a written request to the board within thirty days after the~~
3 ~~uniform grade release date, the candidate shall have access to the~~
4 ~~candidate's examination papers under conditions imposed by the board. No~~
5 ~~candidate may have access to examination papers within thirty days before the~~
6 ~~administration of a certified public accountant examination. ANY CANDIDATE~~
7 ~~MAY REQUEST A GRADE REVIEW OR AN APPEAL BY SUBMITTING A WRITTEN REQUEST TO~~
8 ~~THE BOARD OR ITS DESIGNATED AGENT.~~

9 F. A candidate who successfully passes sections of an examination
10 shall be deemed to have received a condition as provided by rules of the
11 board and shall have the right to be reexamined in the remaining sections at
12 subsequent examinations held by the board. If the candidate passes in the
13 remaining sections within a period of time specified in the rules of the
14 board, the candidate shall be considered to have passed the examination in
15 its entirety.

16 G. A candidate who has received a condition in an examination in any
17 state whose examination is satisfactory to the board and in which the
18 requirements to take the examination are as high as those required in this
19 state may be deemed to have received a condition and may be given credit in
20 the candidate's Arizona examination for those sections passed. The
21 out-of-state condition must be in effect as determined by the rules of the
22 board. The candidate may be reexamined only in the remaining sections at
23 subsequent examinations held by the board. If the candidate passes in the
24 remaining sections within a period of time specified in the rules of the
25 board the candidate shall be considered to have passed the examination in its
26 entirety.

27 ~~H. Any candidate who has taken two examinations and has failed to~~
28 ~~receive a condition may be required, before being accepted for further~~
29 ~~examinations, to furnish evidence satisfactory to the board that the~~
30 ~~candidate has made further diligent study in the failed section or sections.~~

31 ~~I. H. The board may permit an Arizona applicant for the Arizona~~
32 ~~examination to take the examination for certified public accountant outside~~
33 ~~of this state under the auspices and control of any other state board of~~
34 ~~accountancy and the American institute of certified public accountants giving~~
35 ~~an examination for certified public accountants.~~

36 ~~J. I. The board may adopt rules regarding the scope of the~~
37 ~~examinations and the method and time of filing applications and may adopt all~~
38 ~~other rules necessary to implement this section.~~

39 Sec. 8. Title 32, chapter 6, article 2, Arizona Revised Statutes, is
40 amended by adding sections 32-724, 32-725 and 32-726, to read:

41 32-724. Reciprocity; certificate

42 THE BOARD MAY ISSUE A CERTIFICATE OF RECIPROCITY TO THE HOLDER OF A
43 CERTIFICATE OR LICENSE ISSUED BY ANOTHER STATE OR A FOREIGN COUNTRY:

1 1. ON APPLICATION.

2 2. ON A SHOWING THAT THE APPLICANT HAS QUALIFICATIONS THAT ARE
3 CONSIDERED TO BE SUBSTANTIALLY EQUIVALENT TO THOSE REQUIRED BY THIS CHAPTER
4 AS PROVIDED BY SECTION 32-726.

5 3. ON PAYMENT OF AN APPLICATION FEE IN AN AMOUNT PRESCRIBED PURSUANT
6 TO SECTION 32-729, SUBSECTION B.

7 32-725. Limited reciprocity; qualifications; incidental
8 practice

9 A. THE BOARD MAY GRANT PERMISSION OF LIMITED RECIPROCITY TO AN
10 APPLICANT WHOSE PRINCIPAL PLACE OF BUSINESS IS NOT IN THIS STATE AND WHO
11 HOLDS EITHER:

12 1. A VALID CERTIFICATE OR LICENSE AS A CERTIFIED PUBLIC ACCOUNTANT
13 ISSUED BY ANY STATE OR FOREIGN COUNTRY WITH LICENSURE REQUIREMENTS FOR
14 CERTIFIED PUBLIC ACCOUNTANTS THAT THE BOARD HAS VERIFIED TO BE SUBSTANTIALLY
15 EQUIVALENT TO THE REQUIREMENTS FOR LICENSURE AS A CERTIFIED PUBLIC ACCOUNTANT
16 IN THIS STATE. THAT INDIVIDUAL IS CONSIDERED TO HAVE QUALIFICATIONS THAT ARE
17 SUBSTANTIALLY EQUIVALENT TO THE REQUIREMENTS PRESCRIBED PURSUANT TO THIS
18 CHAPTER, AS PROVIDED BY SECTION 32-726, AND HAS ALL OF THE PRIVILEGES OF
19 CERTIFICATE HOLDERS AND LICENSEES IN THIS STATE WITHOUT OBTAINING A
20 CERTIFICATE OR PERMIT UNDER THIS CHAPTER. TO OBTAIN LIMITED RECIPROCITY
21 UNDER THIS PARAGRAPH, THE INDIVIDUAL MUST:

22 (a) NOTIFY THE BOARD OF THE INTENT TO ENTER THIS STATE FOR PURPOSES
23 OF THIS SECTION.

24 (b) AFFIRM TO THE BOARD BY AFFIDAVIT THAT THE APPLICANT IS IN GOOD
25 STANDING IN EACH STATE IN WHICH THE APPLICANT HOLDS A CERTIFICATE OR LICENSE.

26 (c) DESIGNATE AN ADDRESS IN THIS STATE FOR THE SERVICE OF PROCESS.

27 (d) PAY AN APPLICATION FEE IN AN AMOUNT PRESCRIBED PURSUANT TO SECTION
28 32-729, SUBSECTION B.

29 2. A VALID CERTIFICATE OR LICENSE AS A CERTIFIED PUBLIC ACCOUNTANT
30 ISSUED BY ANY STATE OR FOREIGN COUNTRY WITH LICENSURE REQUIREMENTS FOR
31 CERTIFIED PUBLIC ACCOUNTANTS THAT THE BOARD HAS NOT VERIFIED TO BE
32 SUBSTANTIALLY EQUIVALENT TO THE REQUIREMENT FOR LICENSURE AS A CERTIFIED
33 PUBLIC ACCOUNTANT IN THIS STATE. THAT INDIVIDUAL IS CONSIDERED TO HAVE
34 QUALIFICATIONS THAT ARE SUBSTANTIALLY EQUIVALENT TO THE REQUIREMENTS
35 PRESCRIBED PURSUANT TO THIS CHAPTER, AS PROVIDED BY SECTION 32-726, AND HAS
36 ALL OF THE PRIVILEGES OF CERTIFICATE HOLDERS AND LICENSEES IN THIS STATE
37 WITHOUT OBTAINING A CERTIFICATE OR PERMIT UNDER THIS CHAPTER. TO OBTAIN
38 LIMITED RECIPROCITY UNDER THIS PARAGRAPH, THE INDIVIDUAL MUST:

39 (a) NOTIFY THE BOARD OF THE INTENT TO ENTER THIS STATE FOR PURPOSES
40 OF THIS SECTION.

41 (b) SUBMIT TO THE BOARD AN AFFIDAVIT ON A FORM PROVIDED BY THE BOARD
42 AFFIRMING THAT THE APPLICANT:

43 (i) POSSESSES QUALIFICATIONS THAT ARE CONSIDERED TO BE SUBSTANTIALLY
44 EQUIVALENT TO THE REQUIREMENT FOR LICENSURE AS A CERTIFIED PUBLIC ACCOUNTANT
45 IN THIS STATE.

1 (ii) IS IN GOOD STANDING IN EACH STATE IN WHICH THE APPLICANT HOLDS
2 A LICENSE OR CERTIFICATE.

3 (c) DESIGNATE AN ADDRESS IN THIS STATE FOR THE SERVICE OF PROCESS.

4 (d) PAY AN APPLICATION FEE IN AN AMOUNT PRESCRIBED PURSUANT TO SECTION
5 32-729, SUBSECTION B AND SECTION 32-730, SUBSECTION A.

6 B. THE PRIVILEGES EXTENDED UNDER THIS SECTION PERMIT THE INDIVIDUAL
7 TO PRACTICE AS A CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE FOR NOT MORE THAN
8 TWELVE CONSECUTIVE MONTHS. ON WRITTEN APPLICATION, THE BOARD IN ITS
9 DISCRETION MAY EXTEND THE CERTIFICATE FOR AN ADDITIONAL SIX MONTHS. EACH
10 APPLICATION FOR EXTENSION MUST INCLUDE AN APPLICATION FEE IN AN AMOUNT
11 PRESCRIBED PURSUANT TO SECTION 32-729, SUBSECTION B.

12 C. AS A CONDITION OF EXERCISING THE PRIVILEGES PROVIDED BY THIS
13 SECTION, A LICENSEE OR REGISTRANT OF ANOTHER STATE WHO EXERCISES THE
14 PRIVILEGES PROVIDED BY THIS SECTION AGREES AND CONSENTS, AS A REGISTRANT FOR
15 PURPOSES OF LIMITED RECIPROCITY, TO:

16 1. COMPLY WITH THIS CHAPTER AND RULES ADOPTED PURSUANT TO THIS
17 CHAPTER.

18 2. THE PERSONAL AND SUBJECT MATTER JURISDICTION AND DISCIPLINARY
19 AUTHORITY OF THE BOARD.

20 3. ACCEPT SERVICE OF PROCESS IN ANY ACTION OR PROCEEDING BY THE BOARD
21 AT THE ADDRESS DESIGNATED IN THE APPLICATION FOR LIMITED RECIPROCITY UNDER
22 THIS SECTION.

23 D. PERSONS WHO HOLD VALID CERTIFICATES OR LICENSES AS CERTIFIED PUBLIC
24 ACCOUNTANTS ISSUED BY OTHER STATES OR FOREIGN COUNTRIES, WHOSE PRINCIPAL
25 PLACES OF BUSINESS ARE NOT IN THIS STATE, MAY PRACTICE AND HOLD THEMSELVES
26 OUT AS CERTIFIED PUBLIC ACCOUNTANTS IN THIS STATE FOR A PERIOD OF NOT MORE
27 THAN SIXTY CALENDAR DAYS IN A CALENDAR YEAR WITHOUT COMPLYING WITH THE
28 LIMITED RECIPROCITY REQUIREMENTS OF THIS SECTION IF EITHER:

29 1. THE PERSON IS ACTING IN THE CAPACITY OF A PARTNER, DIRECTOR, MEMBER
30 OR EMPLOYEE OF A FIRM THAT IS REGISTERED TO PRACTICE PUBLIC ACCOUNTING IN
31 THIS STATE PURSUANT TO SECTION 32-731 OR 32-732.

32 2. THE PERSON NOTIFIES THE PERSON'S CLIENT IN THIS STATE THAT THE
33 PERSON IS NOT SUBJECT TO THE REGULATORY JURISDICTION OF THE BOARD AND THE
34 CLIENT ACKNOWLEDGES RECEIVING THE NOTICE IN WRITING.

35 3. THE PERSON IS SPONSORED BY AN INDIVIDUAL OR FIRM THAT IS LICENSED
36 OR REGISTERED TO PRACTICE PUBLIC ACCOUNTING IN THIS STATE AND THE SPONSOR
37 AGREES IN WRITING TO BE LIABLE FOR ANY DAMAGES CAUSED BY, RESULTING FROM OR
38 ATTRIBUTABLE TO THE SPONSORED PERSON'S ACTS OR OMISSIONS WHILE THE PERSON IS
39 PROVIDING ANY MANNER OF ACCOUNTING SERVICES, INCLUDING TAX SERVICES, IN THIS
40 STATE.

41 E. IF THE PERSON'S ACTIVITIES ARE LIMITED TO THE FOLLOWING, THE TIME
42 PERIOD PROVIDED IN SUBSECTION D OF THIS SECTION DOES NOT APPLY:

43 1. EXPERT WITNESS SERVICES.

44 2. TEACHING OR LECTURING.

- 1 3. OTHER SERVICES AS DETERMINED BY THE BOARD.
2 32-726. Substantial equivalency
3 A. IF A PROVISION OF THIS ARTICLE REQUIRES A PERSON TO HAVE
4 QUALIFICATIONS THAT ARE SUBSTANTIALLY EQUIVALENT TO THE REQUIREMENTS
5 PRESCRIBED BY THIS ARTICLE, THE PERSON MUST MEET THE REQUIREMENTS PRESCRIBED
6 IN SUBSECTION B, C, D OR E OF THIS SECTION.
7 B. THE PERSON MUST HOLD A LICENSE OR CERTIFICATE TO ENGAGE IN THE
8 PRACTICE OF ACCOUNTING BY A CERTIFIED PUBLIC ACCOUNTANT ISSUED BY A STATE
9 WHOSE REQUIREMENTS ARE DETERMINED BY THE BOARD TO BE SUBSTANTIALLY EQUIVALENT
10 TO THOSE PRESCRIBED BY SUBSECTION C, D, OR E OF THIS SECTION.
11 C. THE PERSON MUST MEET THE REQUIREMENTS FOR LICENSURE PRESCRIBED BY
12 SECTION 32-721.
13 D. THE PERSON MUST:
14 1. HAVE RECEIVED A BACCALAUREATE OR HIGHER DEGREE FROM AN ACCREDITED
15 INSTITUTION OR A COLLEGE OR UNIVERSITY MAINTAINING STANDARDS COMPARABLE TO
16 THOSE OF AN ACCREDITED INSTITUTION CONSISTING OF AT LEAST ONE HUNDRED FIFTY
17 SEMESTER HOURS OF EDUCATION.
18 2. HAVE AT LEAST TWENTY-FOUR SEMESTER HOURS IN ACCOUNTING COURSES AND
19 AT LEAST EIGHTEEN SEMESTER HOURS IN RELATED COURSES.
20 3. HAVE PASSED THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION.
21 4. HAVE BEEN EMPLOYED FOR AT LEAST THREE YEARS IN THE PRACTICE OF
22 ACCOUNTING.
23 5. MEET THE FOLLOWING CHARACTER AND FITNESS REQUIREMENTS:
24 (a) BE AT LEAST EIGHTEEN YEARS OF AGE.
25 (b) BE OF GOOD MORAL CHARACTER.
26 (c) NOT HAVE BEEN ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS
27 FOR REVOCATION OR SUSPENSION OF A CERTIFICATE OR OTHER DISCIPLINARY ACTION
28 PURSUANT TO SECTION 32-741.
29 E. THE PERSON MUST:
30 1. HAVE RECEIVED A BACCALAUREATE OR HIGHER DEGREE FROM AN ACCREDITED
31 INSTITUTION OR A COLLEGE OR UNIVERSITY MAINTAINING STANDARDS COMPARABLE TO
32 THOSE OF AN ACCREDITED INSTITUTION.
33 2. HAVE AT LEAST TWENTY-FOUR SEMESTER HOURS IN ACCOUNTING COURSES AND
34 AT LEAST EIGHTEEN SEMESTER HOURS IN RELATED COURSES.
35 3. HAVE PASSED THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION.
36 4. HAVE BEEN EMPLOYED FOR AT LEAST FIVE OF THE LAST TEN PRECEDING
37 YEARS IN THE PRACTICE OF ACCOUNTING.
38 5. MEET THE FOLLOWING CHARACTER AND FITNESS REQUIREMENTS:
39 (a) BE AT LEAST EIGHTEEN YEARS OF AGE.
40 (b) BE OF GOOD MORAL CHARACTER.
41 (c) NOT HAVE BEEN ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS
42 FOR REVOCATION OR SUSPENSION OF A CERTIFICATE OR OTHER DISCIPLINARY ACTION
43 PURSUANT TO SECTION 32-741.

1 F. IF A PERSON IS NOT ABLE TO QUALIFY FOR SUBSTANTIAL EQUIVALENCY
2 PURSUANT TO THIS SECTION, THE BOARD MAY CONSIDER THE PERSON SUBSTANTIALLY
3 EQUIVALENT IF THE PERSON MEETS THE FOLLOWING REQUIREMENTS:

- 4 1. HAS PASSED THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION.
- 5 2. HAS BEEN EMPLOYED FOR AT LEAST TEN OF THE LAST FIFTEEN PRECEDING
6 YEARS IN THE PRACTICE OF ACCOUNTING.
- 7 3. IS AT LEAST EIGHTEEN YEARS OF AGE.
- 8 4. IS OF GOOD MORAL CHARACTER.
- 9 5. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR
10 REVOCATION OR SUSPENSION OF A CERTIFICATE OR ANY OTHER DISCIPLINARY ACTION
11 PURSUANT TO SECTION 32-741.

12 Sec. 9. Section 32-729, Arizona Revised Statutes, is amended to read:
13 32-729. Examination fee; certification fee

14 A. The board shall establish and collect a uniform fee from each
15 applicant for each examination held pursuant to section 32-723 to cover
16 reasonable costs of the examination. No additional fee shall be required
17 from an applicant entitled to a certificate after having successfully passed
18 the examination except as provided in subsection B of this section. If the
19 board refuses to allow an applicant to take the examination, the board shall
20 return to the applicant one-half of the examination fee.

21 B. The board shall establish and collect a uniform fee from each
22 applicant for a certificate to be issued pursuant to section 32-721, or
23 ~~32-727~~ 32-724 OR 32-725.

24 Sec. 10. Section 32-730, Arizona Revised Statutes, is amended to read:
25 32-730. Biennial registration; continuing education; inactive
26 certificates; cancellation

27 A. Except for the provisions AS PROVIDED in subsection B- C of this
28 section, the board shall biennially require every certified public
29 accountant, public accountant, ~~partnership, professional corporation and~~
30 ~~professional limited liability company~~ AND FIRM to register with the board
31 and pay a registration fee of not less than one hundred nor more than three
32 hundred dollars during the month of the anniversary of the registrant's birth
33 in the case of an individual or, IN THE CASE OF A REGISTERED FIRM, during the
34 month of the anniversary of the ~~initial registration with the board in the~~
35 ~~case of a partnership, professional corporation or professional limited~~
36 ~~liability company~~ EFFECTIVE DATE OF THE FIRM'S FORMATION. In the
37 administration of this section, registrants for less than two years shall be
38 charged on a pro rata basis for the remainder of the registration period.

39 B. A certified public accountant or public accountant who is not
40 actively engaged in the practice of accounting as a ~~certified public~~
41 ~~accountant or public accountant~~ may request that his THE PERSON'S certificate
42 be placed on inactive status by ~~submitting a written request to~~ MEETING THE
43 REQUIREMENTS FOR INACTIVE STATUS AND COMPLETING THE FORMS PRESCRIBED BY the
44 board. A certified public accountant or public accountant whose certificate
45 has been suspended by the board or against whom disciplinary proceedings have

1 been initiated may not place or maintain his certificate on inactive status.
2 A certified public accountant or public accountant who elects to place a
3 certificate on inactive status:

4 1. Shall continue to biennially register with the board AND PAY THE
5 REQUIRED FEES.

6 2. SHALL NOT ENGAGE IN THE PRACTICE OF ACCOUNTING FOR A FEE OR OTHER
7 COMPENSATION WHILE THE PERSON REMAINS ON INACTIVE STATUS.

8 ~~2.~~ 3. Shall not assume or use the title or designation of "certified
9 public accountant" or "public accountant" or the abbreviation "C.P.A." or,
10 "CPA", "P.A." OR "PA" while the person remains on inactive status.

11 C. The registration fee for certified public accountants and public
12 accountants may be reduced or waived by the board for registrants who are at
13 least sixty-five years of age or who have become totally disabled to a degree
14 precluding the continuance of their practice for six months or more prior to
15 the due date of any renewal fee.

16 D. At the time of registration, every certified public accountant and
17 public accountant, ~~commencing with the registration one year after the~~
18 ~~board's promulgation of continuing professional education requirements,~~ shall
19 as a prerequisite to biennial registration submit to the board satisfactory
20 proof, in a manner prescribed by the board, that the registrant has completed
21 the continuing education requirements established by the board. The board
22 may grant an exemption from continuing professional education requirements
23 for registrants ~~not engaged in the practice of accounting as a certified~~
24 ~~public accountant or as a public accountant or for other~~ ON A DEMONSTRATION
25 OF good cause AS determined by the board.

26 E. Except as otherwise provided in this chapter, a certified public
27 accountant or public accountant who elects to place a certificate on inactive
28 status may reactivate the certificate if the certificate has been inactive
29 for six years or less by doing all of the following:

30 1. Filing an application for renewal on ~~a~~ THE form prescribed by the
31 board AND PAYING THE APPLICABLE FEES.

32 2. Submitting proof that the certified public accountant or public
33 accountant has satisfied continuing education requirements prescribed by the
34 board in its rules.

35 3. Affirming that the certified public accountant or public accountant
36 has not engaged in any conduct that would constitute grounds for revocation
37 or suspension of a certificate pursuant to section 32-741.

38 F. A registrant may reactivate an inactive certificate pursuant to
39 subsection ~~D~~ E of this section only one time. ~~Renewal~~ REACTIVATION of an
40 inactive certificate pursuant to subsection ~~D~~ E of this section is effective
41 on the date that the application for ~~renewal~~ REACTIVATION is approved by the
42 board. A certificate ~~renewed~~ THAT IS REACTIVATED pursuant to subsection ~~D~~
43 E of this section continues in effect through the date prescribed in
44 subsection A of this section.

1 G. A certificate that has been inactive for more than six years may
2 ~~not be renewed or reinstated~~ EXPIRES.

3 H. A certified public accountant or public accountant whose
4 certificate expires HAS EXPIRED OR BEEN CANCELLED AND WHO DOES NOT MEET THE
5 GOOD CAUSE REQUIREMENTS OF SECTION 32-741 may apply for and ~~obtain a new~~
6 REACTIVATE OR REINSTATE THE certificate if the certified public accountant
7 or public accountant MEETS ALL OF THE FOLLOWING REQUIREMENTS:

8 1. Has not engaged in any conduct that would constitute grounds for
9 revocation or suspension of a certificate pursuant to section 32-741.

10 2. Pays all fees required of applicants for initial certification.

11 3. Takes and passes the examination required of applicants for initial
12 certification.

13 I. A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT WHO IS NOT
14 ACTIVELY ENGAGED IN THE PRACTICE OF ACCOUNTING AND WHO DOES NOT WANT TO RENEW
15 OR PLACE THE CERTIFICATE ON INACTIVE STATUS MAY REQUEST THAT THE CERTIFICATE
16 BE CANCELED BY SUBMITTING A WRITTEN REQUEST ON A FORM APPROVED BY THE BOARD.
17 THIS SUBSECTION DOES NOT APPLY IF DISCIPLINARY PROCEEDINGS ARE PENDING
18 AGAINST THE CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT.

19 J. EACH FIRM ESTABLISHED OR MAINTAINED IN THIS STATE FOR THE PURPOSE
20 OF A CERTIFIED PUBLIC ACCOUNTANT OR A PUBLIC ACCOUNTANT TO PRACTICE
21 ACCOUNTING IN THIS STATE SHALL REGISTER BIENNIALLY UNDER THIS CHAPTER WITH
22 THE BOARD. THE BOARD SHALL NOT CHARGE A FEE FOR REGISTRATION OF ADDITIONAL
23 OFFICES OF THE SAME FIRM OR SOLE PRACTITIONER. THE BOARD SHALL PRESCRIBE BY
24 RULE THE REQUIRED REGISTRATION PROCEDURES FOR THIS SUBSECTION.

25 Sec. 11. Section 32-731, Arizona Revised Statutes, is amended to read:

26 32-731. Certified public accountant partnership; qualifications

27 A. A partnership engaged in this state in the practice of public
28 accounting as BY certified public accountants shall register biennially with
29 the board as a partnership of certified public accountants and shall meet the
30 following requirements:

31 1. At least one partner shall be a resident and a full-time practicing
32 certified public accountant in good standing in this state.

33 ~~2. Any partner included in determining the requisite fifty-one per~~
34 ~~cent ownership and providing accounting services through the partnership~~
35 ~~shall be certified in this state if the partner is engaged in the practice~~
36 ~~of accounting in this state.~~

37 ~~3. Each partner who is a certified public accountant shall hold a~~
38 ~~certificate or license in good standing in any state or foreign country on~~
39 ~~a showing that the state or foreign country has education, examination and~~
40 ~~experience requirements that are substantially equivalent to the requirements~~
41 ~~in this state.~~

42 ~~4.~~ 2. At least fifty-one per cent of the ownership of the
43 partnership, in terms of DIRECT AND INDIRECT financial interests and voting
44 rights, must belong to holders in good standing of certificates or licenses
45 to practice accounting as certified public accountants in any state or

1 ~~foreign country on a showing that the state or foreign country has education,~~
2 ~~examination and experience requirements that are substantially equivalent to~~
3 ~~the requirements in this state. ONLY CERTIFIED PUBLIC ACCOUNTANTS WHOSE~~
4 ~~QUALIFICATIONS ARE CONSIDERED TO BE SUBSTANTIALLY EQUIVALENT, AS PROVIDED BY~~
5 ~~SECTION 32-726, MAY BE CONSIDERED AS MEETING THE REQUIREMENT PRESCRIBED BY~~
6 ~~THIS PARAGRAPH.~~

7 B. A partnership registered with the board pursuant to this section
8 may include owners who are not certified pursuant to this chapter if all of
9 the following apply:

10 1. The partnership designates a person who is certified pursuant to
11 this chapter and who is responsible for the proper registration of the firm.

12 2. All noncertified partners actively participate in the management
13 of the partnership or a directly affiliated entity that has been approved by
14 the board. FOR THE PURPOSES OF THIS PARAGRAPH:

15 (a) A PARTNER ACTIVELY PARTICIPATES IF ALL OF THE FOLLOWING OCCUR:

16 (i) THE PARTNER PERFORMS AT LEAST FIVE HUNDRED HOURS OF PROFESSIONAL
17 SERVICES FOR THE PUBLIC ACCOUNTING PARTNERSHIP DURING THE CALENDAR YEAR.

18 (ii) THE PROFESSIONAL SERVICES PERFORMED CONSTITUTE THE PARTNER'S
19 PRINCIPAL OCCUPATION.

20 (iii) THE PARTNER'S INTEREST IN THE PUBLIC ACCOUNTING PARTNERSHIP
21 REVERTS TO THE PARTNERSHIP IF THE PARTNER STOPS PERFORMING SERVICES FOR THE
22 PARTNERSHIP.

23 (b) "DIRECTLY AFFILIATED ENTITY" MEANS A FIRM WHERE EACH OWNER OF AN
24 EQUITY INTEREST IN THE ENTITY ACTIVELY PARTICIPATES IN THE BUSINESS OF
25 PROVIDING SERVICES TO THE FIRM'S CLIENTS.

26 3. Any person PARTNER who is ULTIMATELY responsible for supervising
27 attest services IN THIS STATE or ~~for signing~~ THE PARTNER WHO SIGNS ANY
28 reports ~~on financial statements~~ RELATED TO RESTRICTED FINANCIAL SERVICES on
29 behalf of the partnership IN THIS STATE shall be certified pursuant to this
30 chapter and shall meet the experience requirements for carrying out these
31 functions adopted by the board in its rules.

32 4. The partnership complies with other requirements imposed by the
33 board in its rules.

34 C. Application for registration pursuant to this section shall be made
35 upon affidavit of a partner of the partnership who is a certified public
36 accountant in good standing in this state. The board shall in each case
37 determine whether the applicant is eligible for registration. A partnership
38 which is registered pursuant to this section may use the words "certified
39 public accountants" or the abbreviation "C.P.A.'s" OR "CPA'S" in connection
40 with its partnership name as provided for by the board in its
41 rules. Partnerships registered pursuant to this chapter may provide
42 restricted financial services. Notification shall be given to the board
43 within one month of the termination of any partnership, or of the admission
44 to or withdrawal of an Arizona partner from any partnership registered
45 pursuant to this section.

1 ~~D. Any registration of a partnership under this section granted in~~
2 ~~reliance on this chapter shall terminate promptly if the board rejects the~~
3 ~~application of the partner who signed the application for registration as a~~
4 ~~partnership, or of any partner actively engaged in the practice of public~~
5 ~~accounting in this state.~~

6 E. D. A partnership that applies for an initial registration or a
7 renewal pursuant to this section shall list in its application all states in
8 which the partnership has applied for or holds a registration, license or
9 permit as a certified public accountant partnership and shall list any past
10 denials, revocations or suspensions of registrations, licenses or permits by
11 any other state.

12 F. E. An applicant for registration or a partnership registered
13 pursuant to this section shall notify the board in writing within one month
14 of any change of partners whose principal place of business is in this state,
15 any change in the number or location of offices of the partnership in this
16 state, any change in the identity of the persons in charge of the
17 partnership's offices in this state and any issuance, denial, revocation or
18 suspension of a registration, license or permit by any other state.

19 ~~G. The board shall by the date of initial registration with the board~~
20 ~~every other year require every partnership that desires to practice under~~
21 ~~this chapter for the succeeding two years to register with the board and pay~~
22 ~~a fee of not less than one hundred dollars nor more than three hundred~~
23 ~~dollars for the privilege of practicing in this state for the following two~~
24 ~~years. In the administration of this subsection, a partnership registering~~
25 ~~for less than two years shall be required to pay a pro rata portion of the~~
26 ~~fee.~~

27 F. A PARTNERSHIP THAT DESIRES TO PRACTICE UNDER THIS CHAPTER MUST
28 REGISTER WITH THE BOARD FOR A TWO-YEAR PERIOD IN THE MONTH OF THE EFFECTIVE
29 DATE OF THE FORMATION OF THE FIRM AND EVERY TWO YEARS THEREAFTER AND PAY A
30 REGISTRATION FEE OF AT LEAST ONE HUNDRED DOLLARS BUT NOT MORE THAN THREE
31 HUNDRED DOLLARS FOR THE PRIVILEGE OF PRACTICING IN THIS STATE. A PARTNERSHIP
32 REGISTERING FOR LESS THAN TWO YEARS MUST PAY A PRO RATA PORTION OF THE FEE.

33 G. A PARTNERSHIP THAT FAILS TO COMPLY WITH THIS SECTION DUE TO CHANGES
34 IN THE OWNERSHIP OF THE FIRM OR PERSONNEL AFTER RECEIVING OR RENEWING THE
35 REGISTRATION MUST TAKE CORRECTIVE ACTION TO COMPLY WITH THIS SECTION AS
36 QUICKLY AS POSSIBLE. THE BOARD MAY GRANT A REASONABLE PERIOD OF TIME FOR THE
37 FIRM TO TAKE THESE CORRECTIVE ACTIONS. A FAILURE TO COMPLY WITH THESE
38 REQUIREMENTS IS GROUNDS FOR SUSPENSION OR REVOCATION OF THE PARTNERSHIP
39 REGISTRATION.

40 Sec. 12. Section 32-732, Arizona Revised Statutes, is amended to read:

41 32-732. Public accountant partnership; requirements

42 A. A partnership engaged in this state in the practice of public
43 accounting as public accountants shall register biennially with the board as
44 a partnership of public accountants and shall meet the following
45 requirements:

1 1. All public accountant members of the partnership shall be
2 residents in good standing in this state.

3 ~~2. Each certified public accountant partner of the partnership shall~~
4 ~~be a certified public accountant in good standing in any state or foreign~~
5 ~~country on a showing that the state or foreign country has education,~~
6 ~~examination and experience requirements that are substantially equivalent to~~
7 ~~the requirements in this state.~~

8 ~~3. 2. At least fifty-one per cent of the ownership of the~~
9 ~~partnership, in terms of DIRECT AND INDIRECT financial interests and voting~~
10 ~~rights, must belong to holders in good standing of certificates or licenses~~
11 ~~to practice accounting as public accountants in any state or foreign country~~
12 ~~on a showing that the state or foreign country has education, examination and~~
13 ~~experience requirements that are substantially equivalent to the requirements~~
14 ~~in this state.~~

15 B. A partnership registered with the board pursuant to this section
16 may include owners who are not public accountants if all of the following
17 apply:

18 1. The partnership designates a person who is a public accountant and
19 who is responsible for the proper registration of the firm.

20 2. All partners who are not public accountants actively participate
21 in the management of the partnership or a directly affiliated entity that has
22 been approved by the board. FOR THE PURPOSES OF THIS PARAGRAPH:

23 (a) A PARTNER ACTIVELY PARTICIPATES IF ALL OF THE FOLLOWING OCCUR:

24 (i) THE PARTNER PERFORMS AT LEAST FIVE HUNDRED HOURS OF PROFESSIONAL
25 SERVICES FOR THE PUBLIC ACCOUNTING PARTNERSHIP DURING THE CALENDAR YEAR.

26 (ii) THE PROFESSIONAL SERVICES PERFORMED CONSTITUTE THE PARTNER'S
27 PRINCIPAL OCCUPATION.

28 (iii) THE PARTNER'S INTEREST IN THE PUBLIC ACCOUNTING PARTNERSHIP
29 REVERTS TO THE PARTNERSHIP IF THE PARTNER STOPS PERFORMING SERVICES FOR THE
30 PARTNERSHIP.

31 (b) "DIRECTLY AFFILIATED ENTITY" MEANS A FIRM WHERE EACH OWNER OF AN
32 EQUITY INTEREST IN THE ENTITY ACTIVELY PARTICIPATES IN THE BUSINESS OF
33 PROVIDING SERVICES TO THE FIRM'S CLIENTS.

34 3. Any person who is responsible for supervising attest services or
35 for signing reports on financial statements on behalf of the partnership
36 shall be certified pursuant to this chapter and shall meet the experience
37 requirements for carrying out these functions adopted by the board in its
38 rules.

39 4. The partnership complies with other requirements imposed by the
40 board in its rules.

41 C. Application for registration pursuant to this section shall be made
42 upon affidavit of a partner of the partnership who is a certified public
43 accountant or public accountant in good standing in this state. The board
44 shall in each case determine whether the applicant is eligible for
45 registration. A partnership which is registered pursuant to this section and

1 which holds a certificate issued pursuant to this chapter may use the words
2 "public accountants" or the abbreviation "P.A.'s" OR "PA'S" in connection
3 with its partnership name as provided for by the board in its rules. Each
4 partnership registered pursuant to this chapter may provide restricted
5 financial services. Notification shall be given to the board within one
6 month of the termination of any partnership, or of the admission to or
7 withdrawal of an Arizona partner from any partnership registered pursuant to
8 this section.

9 ~~D. Any registration of a partnership under this section granted in~~
10 ~~reliance on this chapter terminates promptly if the board rejects the~~
11 ~~application of the partner who signed the application for registration as a~~
12 ~~partnership, or of any partner actively engaged in the practice of public~~
13 ~~accounting in this state.~~

14 ~~E. D. A partnership that applies for an initial registration or a~~
15 ~~renewal pursuant to this section shall list in its application all states in~~
16 ~~which the partnership has applied for or holds a registration, license or~~
17 ~~permit as a public accountant partnership and shall list any past denials,~~
18 ~~revocations or suspensions of registrations, licenses or permits by any other~~
19 ~~state.~~

20 ~~F. E. An applicant for registration or a partnership registered~~
21 ~~pursuant to this section shall notify the board in writing within one month~~
22 ~~of any change of partners whose principal place of business is in this state,~~
23 ~~any change in the number or location of offices of the partnership in this~~
24 ~~state, any change in the identity of the persons in charge of the~~
25 ~~partnership's offices in this state and any issuance, denial, revocation or~~
26 ~~suspension of a registration, license or permit by any other state.~~

27 ~~G. The board shall by the date of initial registration with the board~~
28 ~~every other year require every partnership that desires to practice under~~
29 ~~this chapter for the succeeding two years to register with the board and pay~~
30 ~~a fee of not less than one hundred dollars nor more than three hundred~~
31 ~~dollars for the privilege of practicing in this state for the following two~~
32 ~~years. In the administration of this subsection, a partnership registering~~
33 ~~for less than two years shall be required to pay a pro rata portion of the~~
34 ~~fee.~~

35 F. A PARTNERSHIP THAT DESIRES TO PRACTICE UNDER THIS CHAPTER MUST
36 REGISTER WITH THE BOARD FOR A TWO-YEAR PERIOD IN THE MONTH OF THE EFFECTIVE
37 DATE OF THE FORMATION OF THE FIRM AND EVERY TWO YEARS THEREAFTER AND PAY A
38 REGISTRATION FEE OF AT LEAST ONE HUNDRED DOLLARS BUT NOT MORE THAN THREE
39 HUNDRED DOLLARS FOR THE PRIVILEGE OF PRACTICING IN THIS STATE. A PARTNERSHIP
40 REGISTERING FOR LESS THAN TWO YEARS MUST PAY A PRO RATA PORTION OF THE FEE.

41 G. A PARTNERSHIP THAT FAILS TO COMPLY WITH THIS SECTION DUE TO CHANGES
42 IN THE OWNERSHIP OF THE FIRM OR PERSONNEL AFTER RECEIVING OR RENEWING THE
43 REGISTRATION MUST TAKE CORRECTIVE ACTION TO COMPLY WITH THIS SECTION AS
44 QUICKLY AS POSSIBLE. THE BOARD MAY GRANT A REASONABLE PERIOD OF TIME FOR THE
45 FIRM TO TAKE THESE CORRECTIVE ACTIONS. A FAILURE TO COMPLY WITH THESE

1 REQUIREMENTS IS GROUNDS FOR SUSPENSION OR REVOCATION OF THE PARTNERSHIP
2 REGISTRATION.

3 Sec. 13. Section 32-734, Arizona Revised Statutes, is amended to read:

4 32-734. Professional corporations; qualifications

5 Professional corporations composed of certified public accountants or
6 public accountants shall meet the requirements of title 10, chapter 20 and
7 any additional nonconflicting requirements contained in sections 32-731 and
8 32-732. For purposes of this section, wherever in section 32-731 or 32-732
9 the word "partner" appears, ~~such wording~~ THE TERM shall apply to any
10 shareholder, ~~officer, director or employee~~ of a professional corporation who
11 holds an Arizona certificate and, wherever in section 32-731 or 32-732 the
12 word "partnership" appears, ~~such wording~~ THE TERM shall apply to a
13 professional corporation.

14 Sec. 14. Section 32-735, Arizona Revised Statutes, is amended to read:

15 32-735. Limited liability companies, professional limited
16 liability companies and limited liability
17 partnerships; qualifications

18 LIMITED LIABILITY COMPANIES, professional limited liability companies
19 AND LIMITED LIABILITY PARTNERSHIPS composed of certified public accountants
20 or public accountants shall meet the APPLICABLE requirement of title 29,
21 chapter CHAPTERS 4 OR 5 and any additional nonconflicting requirements
22 contained in sections 32-731 and 32-732. For purposes of this section,
23 wherever in section 32-731 or 32-732 the word "partner" appears, this THE
24 term applies SHALL ALSO APPLY to any member, ~~manager, officer, agent or~~
25 ~~employee~~ of a LIMITED LIABILITY COMPANY OR A professional limited liability
26 company who holds an Arizona certificate and, wherever in section 32-731 or
27 32-732 the word "partnership" appears, this THE term applies SHALL ALSO APPLY
28 to a LIMITED LIABILITY COMPANY OR A professional limited liability company.

29 Sec. 15. Section 32-741, Arizona Revised Statutes, is amended to read:

30 32-741. Revocation or suspension of certificate; disciplinary
31 action; letter of concern

32 A. After notice and an opportunity for a hearing, the board may revoke
33 or suspend any certificate granted under this chapter and may take
34 disciplinary action concerning the holder of any certificate for any of the
35 following causes:

36 1. Conviction of a felony under the laws of any state or of the United
37 States if civil rights have not been restored pursuant to title 13, chapter
38 9 or other applicable recognized judicial or gubernatorial order.

39 2. Conviction of any crime that has a reasonable relationship to the
40 practice of accounting as BY a certified public accountant or as BY a public
41 accountant, including crimes involving accounting or tax violations,
42 dishonesty, fraud, misrepresentation, embezzlement, theft, forgery, perjury
43 or breach of fiduciary duty, regardless of whether civil rights have been
44 restored.

1 3. Fraud or deceit in obtaining a certificate as a certified public
2 accountant or in obtaining a certificate as a public accountant under this
3 chapter.

4 4. Dishonesty, fraud or gross or continuing negligence in the practice
5 of accounting.

6 5. Cancellation, revocation or suspension of any certificate or other
7 authority to practice or refusal to renew the certificate or other authority
8 to practice as a certified public accountant by any other state or foreign
9 country for any cause other than failure to pay license or registration fees.

10 6. Violation of any of the provisions of this chapter, of title 44,
11 chapter 12, article 13 or of any fraud provisions of the federal securities
12 laws.

13 7. Final judgment in a civil action if the court makes findings of
14 accounting violations, dishonesty, fraud, misrepresentation or breach of
15 fiduciary duty.

16 8. Final judgment or order in a civil action or administrative
17 proceeding if the court or agency makes findings of violations of any fraud
18 provisions of the laws of this state or federal securities laws.

19 9. Knowing violation of any decision, order or rule issued or adopted
20 by the board.

21 10. Suspension or revocation for cause of the right to practice before
22 the federal securities exchange commission or any other governmental body or
23 agency.

24 11. Offering or accepting commissions or contingency fees for services
25 rendered for clients for whom attest function services are also offered or
26 rendered in the performance of the practice of accounting unless:

27 (a) The fee is fixed by a court or another public authority.

28 (b) In a tax matter, the fee is determined based on the results of a
29 judicial proceeding or the finding of a governmental agency.

30 12. Failing to disclose to a client that the registrant has received
31 or expects to receive a commission from a third party for any engagement,
32 services or product sales involving services other than the attest function.

33 13. KNOWINGLY MAKING ANY FALSE OR MISLEADING STATEMENT OR VERIFICATION
34 IN SUPPORT OF AN APPLICATION FOR A CERTIFICATE, REGISTRATION OR PERMIT FILED
35 BY ANOTHER PERSON.

36 14. KNOWINGLY MAKING A FALSE OR MISLEADING STATEMENT:

37 (a) TO THE BOARD OR ITS DESIGNATED AGENT.

38 (b) ON A FORM REQUIRED BY THE BOARD.

39 (c) IN WRITTEN CORRESPONDENCE TO THE BOARD.

40 15. FAILING TO RESPOND OR FURNISH INFORMATION IN A TIMELY MANNER TO THE
41 BOARD OR ITS DESIGNATED AGENT, IF THE INFORMATION IS LEGALLY REQUESTED BY THE
42 BOARD AND IS IN THE REGISTRANT'S POSSESSION OR CONTROL.

43 B. PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10, the board may
44 SUMMARILY suspend the certificate of any certified public accountant or

1 public accountant pending proceedings for revocation or other disciplinary
2 action on the receipt of EITHER OF THE FOLLOWING:

3 1. A certified copy of a record NOTICE of conviction of a felony or
4 of any crime that has a reasonable relationship to the practice of
5 accounting, including crimes involving accounting or tax violations,
6 dishonesty, fraud, misrepresentation, embezzlement, theft, forgery, perjury
7 or breach of fiduciary duty OR OF ANY FELONY. ~~The board may also suspend the~~
8 ~~certificate of any certified public accountant or public accountant pending~~
9 ~~proceedings for revocation or other disciplinary action on the receipt of~~

10 2. A final judgment or order in a civil action or administrative
11 proceeding in which the court or agency made findings of violations of any
12 fraud provisions of the laws of this state or federal securities laws.

13 C. ~~The board shall suspend, without notice or a hearing, The~~
14 ~~certificate of any certified public accountant or public accountant who fails~~
15 ~~to TIMELY register and pay the biennial registration fee as required by~~
16 ~~section 32-730, SUBSECTION A SHALL BE AUTOMATICALLY SUSPENDED WITHOUT PRIOR~~
17 ~~NOTICE OR A HEARING. Terms of a suspension issued under this subsection~~
18 ~~shall include a provision that the suspension shall be AUTOMATICALLY vacated~~
19 ~~when the registrant has paid all past due fees not to exceed three hundred~~
20 ~~fifty dollars. The board may waive the collection of any fee after~~
21 ~~suspension under conditions which the board deems justifiable. If the~~
22 ~~certified public accountant or public accountant fails to reinstate the~~
23 ~~certificate within twelve months of the date of suspension, the certificate~~
24 ~~expires. The board shall not reissue REINSTATE a certificate to OF a~~
25 ~~certified public accountant or public accountant whose certificate has~~
26 ~~expired pursuant to this subsection unless the certified public accountant~~
27 ~~or public accountant complies with SECTION 32-730, SUBSECTION H OR section~~
28 ~~32-748 and all other requirements for reinstatement.~~

29 D. The board shall, after notice and a hearing, suspend the
30 certificate of any certified public accountant or public accountant who fails
31 to show proof, in accordance with section 32-730, SUBSECTION D, of compliance
32 with the continuing PROFESSIONAL education requirements established by the
33 board. If the board determines that the failure was due to FOR reasonable
34 cause or excusable neglect, the board may require compliance as expeditiously
35 as possible. ~~Any certificate suspended pursuant to this section shall be~~
36 ~~reinstated upon compliance with rules governing these cases as adopted by the~~
37 ~~board. IF THE CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT FAILS TO~~
38 ~~REINSTATE THE CERTIFICATE WITHIN TWELVE MONTHS AFTER THE DATE OF SUSPENSION,~~
39 ~~THE CERTIFICATE EXPIRES. THE BOARD SHALL NOT REINSTATE A CERTIFICATE THAT~~
40 ~~HAS EXPIRED PURSUANT TO THIS SUBSECTION UNLESS THE CERTIFIED PUBLIC~~
41 ~~ACCOUNTANT OR PUBLIC ACCOUNTANT COMPLIES WITH SECTION 32-748 AND ALL OTHER~~
42 ~~REQUIREMENTS FOR REINSTATEMENT.~~

43 E. The board may take disciplinary action against a holder of a
44 certificate issued pursuant to this chapter who is practicing accounting even
45 if the person is not representing to the public that the person is a

1 certified public accountant or a public accountant ~~or~~ AND even if the person
2 is practicing accounting in ~~or through a corporation, partnership or~~
3 ~~proprietorship~~ which A FIRM THAT is not registered by the board.

4 F. The board may issue a letter of concern if, in the opinion of the
5 board, there is insufficient evidence to support disciplinary action against
6 the registrant, but the board believes, as a result of information
7 ascertained during an investigation, that continuation of the activities that
8 led to the investigation may result in future board action against the
9 registrant. A registrant may file a response with the board within thirty
10 days after receipt of a letter of concern. Letters of concern issued by the
11 board and records kept by the board in connection with investigations leading
12 to letters of concern are confidential and are not public records.

13 Sec. 16. Section 32-742, Arizona Revised Statutes, is amended to read:

14 32-742. Revocation or suspension of firm's certificate

15 A. After notice and AN opportunity for a hearing, the board shall
16 revoke the A FIRM'S registration to practice public accounting ~~of a~~
17 ~~partnership, professional corporation or professional limited liability~~
18 ~~company~~ if at any time it does not have all the qualifications prescribed by
19 this chapter.

20 B. After notice and AN opportunity for a hearing, the board may revoke
21 or suspend the A FIRM'S registration to practice public accounting ~~of a~~
22 ~~partnership, professional corporation or professional limited liability~~
23 ~~company~~ and may additionally take disciplinary action ~~as defined in section~~
24 ~~32-701.01~~ concerning the registrant for any of the causes enumerated in
25 section 32-741, subsection A or for any of the following additional causes:

26 1. The revocation or suspension of any certificate ISSUED BY THE BOARD
27 of any PARTNER, shareholder, MEMBER, MANAGER, officer, director, AGENT or
28 employee of ~~a professional corporation or partner or employee of a~~
29 ~~partnership~~ THE FIRM.

30 2. The cancellation, revocation, suspension or refusal to renew the
31 authority of the partnership FIRM or any ARIZONA partner, SHAREHOLDER,
32 MEMBER, MANAGER, OFFICER, DIRECTOR, AGENT OR EMPLOYEE to practice public
33 accounting in any other state for any cause other than failure to pay an
34 annual registration fee in the other state.

35 ~~3. The revocation or suspension of any certificate of any manager,~~
36 ~~officer, agent or employee of a professional limited liability company.~~

37 C. The board shall suspend, without notice or hearing, the
38 registration to practice public accounting of any ~~partnership, professional~~
39 ~~corporation or professional limited liability company~~ FIRM which fails to
40 register and pay the biennial registration fee as required by section 32-730.
41 Terms of a suspension issued under this subsection shall include a provision
42 that the suspension shall be vacated when the registrant has paid all past
43 due fees and penalties ~~not to exceed three hundred fifty dollars~~. The board
44 may waive the collection of any fee or penalty after suspension under
45 conditions the board deems justifiable.

1 Sec. 17. Title 32, chapter 6, article 3, Arizona Revised Statutes, is
2 amended by adding section 32-742.01, to read:

3 32-742.01. Investigations

4 A. THE BOARD ON ITS OWN MOTION, OR ON RECEIVING A COMPLAINT OR OTHER
5 INFORMATION SUGGESTING VIOLATIONS OF THIS CHAPTER OR BOARD RULES, MAY CONDUCT
6 OR DIRECT AN AUTHORIZED COMMITTEE TO CONDUCT AN INITIAL ANALYSIS WHICH SHALL
7 BE COMPLETED BEFORE THE BOARD MAY OPEN AN INVESTIGATION FILE PURSUANT TO
8 SUBSECTION B TO DETERMINE WHETHER REASONABLE CAUSE EXISTS TO BELIEVE THAT
9 THERE IS A VIOLATION OF THIS CHAPTER OR BOARD RULES. THE BOARD OR ITS
10 AUTHORIZED COMMITTEE MAY DESIGNATE ONE OR MORE PERSONS OF APPROPRIATE
11 COMPETENCE TO ASSIST THE BOARD IN ITS INITIAL ANALYSIS.

12 B. AFTER AN INITIAL ANALYSIS IF THE BOARD FINDS REASONABLE CAUSE TO
13 BELIEVE THERE IS A VIOLATION OF THIS CHAPTER OR BOARD RULES, THE BOARD MAY
14 DIRECT THAT AN INVESTIGATION FILE BE OPENED TO DETERMINE IF THERE IS
15 REASONABLE CAUSE TO INSTITUTE DISCIPLINARY PROCEEDINGS UNDER THIS CHAPTER.
16 AN INVESTIGATION IS NOT A PREREQUISITE TO DISCIPLINARY PROCEEDINGS UNDER THIS
17 CHAPTER IF REASONABLE CAUSE CAN BE DETERMINED WITHOUT AN INVESTIGATION.

18 C. TO ASSIST IN THE INVESTIGATION, THE BOARD OR AN AUTHORIZED
19 COMMITTEE MAY DESIGNATE ONE OR MORE PERSONS OF APPROPRIATE COMPETENCE TO BE
20 INVESTIGATORS. WHEN COMPLETING AN INVESTIGATION, THE INVESTIGATOR SHALL FILE
21 A REPORT WITH THE BOARD OR AN AUTHORIZED COMMITTEE. BASED ON THE
22 INVESTIGATOR'S REPORT, THE BOARD OR AUTHORIZED COMMITTEE MAY REQUEST FURTHER
23 INVESTIGATION, HOLD VOLUNTARY INVESTIGATIVE INTERVIEWS, MAKE APPROPRIATE
24 RECOMMENDATIONS FOR DISMISSAL, LETTERS OF CONCERN, CONSENT ORDERS OR OTHER
25 DISCIPLINARY ACTIONS.

26 D. IF THE BOARD DOES NOT FIND REASONABLE CAUSE TO BELIEVE THAT THERE
27 IS A VIOLATION OF THIS CHAPTER OR BOARD RULES, THE BOARD SHALL CLOSE THE
28 INVESTIGATION FILE.

29 Sec. 18. Section 32-743, Arizona Revised Statutes, is amended to read:

30 32-743. Hearings; judicial review

31 A. The board may initiate proceedings under this chapter, for cause,
32 either on its own motion or a verified complaint pursuant to title 41,
33 chapter 6, article 10.

34 B. A written notice stating the nature of the charge or charges
35 against the holder of a certificate and the time and place of the hearing
36 before the board on the charges shall be served not less than twenty days
37 prior to the date of such THE hearing either personally or by mailing a copy
38 of the notice, certified mail, to the address last known to the board.

39 C. If, after having been served with the notice of hearing, the person
40 fails to appear at the hearing and defend, the board may proceed to hear
41 evidence against the person and may enter such order as shall be justified
42 by the evidence.

43 ~~D. The board, or any member of the board, may issue subpoenas to~~
44 ~~compel the attendance of witnesses and the production of documents and may~~
45 ~~administer oaths, take testimony, hear proofs and receive exhibits in~~

1 ~~evidence in connection with an investigation initiated by the board or a~~
2 ~~hearing under this chapter. In case of disobedience to a subpoena the board~~
3 ~~may invoke the aid of any court of this state in requiring the attendance and~~
4 ~~testimony of witnesses and the production of documentary evidence.~~

5 ~~E.~~ D. At all hearings the attorney general of this state, one of the
6 attorney general's assistants or a special assistant designated by the
7 attorney general shall appear and represent the board.

8 ~~F.~~ E. The decision of the board shall be by majority vote. Any
9 person aggrieved by the decision may file a motion for a rehearing pursuant
10 to title 41, chapter 6, article 10.

11 ~~G.~~ F. Except as provided in section 41-1092.08, subsection H, the
12 board's final decision is subject to judicial review pursuant to title 12,
13 chapter 7, article 6.

14 Sec. 19. Title 32, chapter 6, article 3, Arizona Revised Statutes, is
15 amended by adding a new section 32-744, to read:

16 32-744. Ownership and custody of working papers and records

17 A. ALL STATEMENTS, RECORDS, SCHEDULES, WORKING PAPERS AND MEMORANDA
18 PREPARED BY A REGISTRANT OR A PARTNER, SHAREHOLDER, OFFICER, DIRECTOR,
19 MEMBER, MANAGER OR EMPLOYEE OF A REGISTRANT INCIDENTAL TO OR IN THE COURSE
20 OF RENDERING PROFESSIONAL SERVICES TO A CLIENT WHILE A REGISTRANT ARE AND
21 SHALL REMAIN THE PROPERTY OF THE REGISTRANT, EXCEPT:

22 1. IN THE CASE OF AN EXPRESS AGREEMENT BETWEEN THE REGISTRANT AND THE
23 CLIENT TO THE CONTRARY.

24 2. THE REPORTS SUBMITTED BY THE REGISTRANT TO THE CLIENT.

25 3. RECORDS THAT ARE PART OF THE CLIENT'S RECORDS.

26 B. WITHOUT THE CONSENT OF THE CLIENT OR THE CLIENT'S PERSONAL
27 REPRESENTATIVE OR ASSIGNEE, NO STATEMENT, RECORD, SCHEDULE, WORKING PAPER OR
28 MEMORANDUM MAY BE SOLD, TRANSFERRED OR BEQUEATHED TO ANYONE OTHER THAN
29 SURVIVING PARTNERS, STOCKHOLDERS OR MEMBERS OR NEW PARTNERS, NEW
30 STOCKHOLDERS, NEW MEMBERS OF THE FIRM OR ANY COMBINED OR MERGED FIRM OR
31 SUCCESSOR IN INTEREST TO THE FIRM.

32 C. ON REQUEST WITH REASONABLE NOTICE, A REGISTRANT SHALL TIMELY
33 FURNISH TO A CLIENT OR FORMER CLIENT:

34 1. A COPY OF THE REGISTRANT'S WORKING PAPERS, TO THE EXTENT THAT THE
35 WORKING PAPERS INCLUDE RECORDS THAT WOULD ORDINARILY CONSTITUTE PART OF THE
36 CLIENT'S RECORDS AND ARE NOT OTHERWISE AVAILABLE TO THE CLIENT.

37 2. ANY ACCOUNTING OR OTHER RECORDS BELONGING TO, OR OBTAINED FROM OR
38 ON BEHALF OF, THE CLIENT THAT THE REGISTRANT REMOVED FROM THE CLIENT'S
39 PREMISES OR RECEIVED FOR THE CLIENT'S ACCOUNT. THE REGISTRANT MAY MAKE AND
40 RETAIN COPIES OF THESE DOCUMENTS IF THEY FORM THE BASIS FOR WORK DONE BY THE
41 REGISTRANT.

42 D. A REGISTRANT OR FIRM SHALL MAINTAIN ALL RECORDS PERTAINING TO ANY
43 LEGAL ACTION INITIATED AGAINST THE REGISTRANT OR FIRM FOR A PERIOD OF THREE
44 YEARS AFTER THE RESOLUTION OF THE ACTION. ON REQUEST, THE REGISTRANT OR FIRM
45 SHALL TIMELY FURNISH ALL RECORDS PERTAINING TO THE LEGAL ACTION TO THE BOARD.

1 FOR THE PURPOSES OF THIS SUBSECTION, "LEGAL ACTION" MEANS ANY CIVIL OR
2 CRIMINAL LAWSUIT OR STATE OR FEDERAL ADMINISTRATIVE PROCEEDING WHERE THE
3 ALLEGATIONS AGAINST THE REGISTRANT OR FIRM ARE VIOLATIONS OF ACCOUNTING OR
4 AUDITING STANDARDS OR THAT RESULT FROM NEGLIGENCE, GROSS NEGLIGENCE OR
5 RECKLESS CONDUCT, DISHONESTY, FRAUD, MISREPRESENTATION, BREACH OF FIDUCIARY
6 DUTY OR THE SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE THE
7 FEDERAL SECURITIES AND EXCHANGE COMMISSION, THE INTERNAL REVENUE SERVICE OR
8 ANY OTHER STATE OR FEDERAL AGENCY.

9 E. EXCEPT AS PROVIDED IN SUBSECTION D, THIS SECTION DOES NOT REQUIRE
10 A REGISTRANT TO KEEP ANY WORK PAPER BEYOND THE PERIOD PRESCRIBED BY ANY OTHER
11 APPLICABLE STATUTE.

12 Sec. 20. Section 32-747, Arizona Revised Statutes, is amended to read:
13 32-747. Unlawful use of designation or abbreviation;
14 classification

15 A. A person who has received from the board a certificate to practice
16 as a certified public accountant, or as a public accountant issued under the
17 laws of the state, shall be known as a "certified public accountant" or
18 "public accountant", in accordance with his THE certificate and he may also
19 use the abbreviation "C.P.A.", "CPA", or "P.A." OR "PA", in accordance with
20 his THE certificate. No other person, ~~corporation, partnership~~ or firm shall
21 assume or use any such title, designation or abbreviation or any other title,
22 designation, sign, card or device tending to indicate that the person,
23 ~~corporation, partnership~~ or firm using it is authorized to practice public
24 accounting or is a certified public accountant or a public accountant in this
25 state.

26 B. No person, ~~corporation, partnership~~ or professional limited
27 liability company FIRM shall when referring to accounting or accounting
28 practices assume or use the title or designation "chartered accountant",
29 "certified accountant", "enrolled accountant", "registered accountant",
30 "licensed accountant", "certified tax accountant", "certified tax consultant"
31 or any other title or designation likely or intended to be confused with
32 "certified public accountant" or "public accountant". ~~nor shall any~~ NO
33 person, ~~corporation, partnership~~ or professional limited liability company
34 FIRM SHALL assume or use any of the abbreviations "C.A.", "E.A.", "R.A.",
35 "C.T.A.", "C.T.C.", "L.A." or similar abbreviations likely or intended to be
36 confused with "C.P.A.", "CPA", or "P.A.", ~~except that~~ OR "PA". A person
37 qualified as a certified public accountant in this state who also holds a
38 comparable title under the laws of another country may use such THE title in
39 conjunction with the title "certified public accountant", or "C.P.A." OR
40 "CPA", and a person enrolled to practice before the internal revenue service
41 and recognized as an enrolled agent may use the abbreviation "E.A."

42 C. ~~Nothing in~~ This section shall DOES NOT apply to or affect or limit
43 the right to continuous use of a partnership name, or a modification thereof,
44 by successor firms formed by the remaining partner or partners or added
45 partner or partners even though the persons whose names are included in the

1 partnership name are not partners, but the successor firm shall conform to
2 all other provisions of this chapter, ~~nor shall~~. The provisions of this
3 section DO NOT apply to or affect or limit the right to continuous use of a
4 professional corporation's name as provided pursuant to this chapter or title
5 10, chapter 20 or a professional limited liability company's name pursuant
6 to this chapter or title 29, chapter 4.

7 D. No corporation or professional limited liability company shall be
8 permitted to practice public accounting in this state, provided that this
9 subsection shall not apply to a professional corporation incorporated under
10 the laws of this state or to a professional limited liability company, either
11 of which is properly qualified to do business within this state and which is
12 otherwise qualified to practice accounting under the provisions of this
13 chapter.

14 E. If a person violates this chapter, or represents himself to the
15 public as having received a certificate or registration to practice after a
16 certificate or registration has been revoked or suspended, the person is
17 guilty of a class 2 misdemeanor unless another classification is specifically
18 prescribed in this chapter. Each day an offense is committed shall
19 constitute a separate offense.

20 F. The displaying or uttering by a person of any card, sign,
21 advertisement or other printed, engraved or written instrument or device
22 bearing a person's name and intended to be confused with the words "certified
23 public accountant" or "public accountant" or an abbreviation of either shall
24 be prima facie evidence in a prosecution, proceeding or hearing brought under
25 this section that the person whose name is so displayed caused or procured
26 the displaying or uttering of such THE card, sign, advertisement or other
27 printed, engraved or written instrument or device.

28 Sec. 21. Section 32-748, Arizona Revised Statutes, is amended to read:

29 32-748. Reinstatement of certificate; definition

30 A. Upon ON application in writing, ON COMPLETING ALL OF THE
31 REQUIREMENTS PRESCRIBED BY THE BOARD and for good cause shown, the board may:

32 1. Issue a new certificate to a certified public accountant or a
33 public accountant whose certificate has been revoked. ~~, or may~~

34 2. Permit the registration REINSTATEMENT of anyone whose certificate
35 HAS EXPIRED, HAS BEEN CANCELED OR has been suspended. ~~, or may reissue a~~
36 ~~certificate or permit, or~~

37 3. Modify the suspension of any certificate to practice public
38 accounting which has been suspended.

39 4. FIND THAT THE PROBATIONARY REQUIREMENTS HAVE BEEN FULFILLED.

40 B. "Good cause shown" as used in this section means that the person
41 making application for reinstatement or reissuance shall demonstrate through
42 substantial evidence presented to the board that he is completely
43 rehabilitated with respect to the conduct which was the basis of the
44 revocation or suspension of his certificate or registration. Demonstration
45 of such rehabilitation shall include evidence:

1 1. That ~~such~~ THE person has not engaged in any conduct during the
2 revocation, or suspension, EXPIRATION OR CANCELLATION period which, if
3 licensed or registered during ~~such~~ THE period, would have constituted basis
4 for revocation or suspension pursuant to section 32-741 or 32-742.

5 2. That, with respect to any criminal conviction which constituted any
6 part of the basis for the previous revocation or suspension, civil rights
7 have been fully restored pursuant to statute or other applicable recognized
8 judicial or gubernatorial order.

9 3. That restitution has been made to ~~any aggrieved party~~ as ordered
10 BY THE BOARD AND THAT RESTITUTION HAS BEEN MADE AS ORDERED by a court of
11 competent jurisdiction AS A RESULT OF THE REGISTRANT'S VIOLATION OF THIS
12 CHAPTER OR RULES ADOPTED PURSUANT TO THIS CHAPTER.

13 4. Such other evidence of rehabilitation that the board deems
14 appropriate.

15 C. Any person making application for issuance or reissuance
16 REINSTATEMENT of a revoked certificate shall, in addition to the other
17 requirements of this section, comply with all then existing qualifications
18 and requirements for initial certification for the practice of accounting as
19 BY a certified public accountant or as BY a public accountant, except those
20 requirements which are inconsistent with this section.

21 D. The board shall not issue or ~~reissue~~ REINSTATE a certificate to a
22 certified public accountant or public accountant whose certificate has been
23 revoked prior to the expiration of five years from the effective date of
24 revocation, except if the revocation is based only on section 32-741,
25 subsection A, paragraph 1 or 2 and the criminal conviction is ultimately
26 reversed on appeal, the board shall enter an order vacating such revocation.

27 Sec. 22. Section 32-749, Arizona Revised Statutes, is amended to read:

28 32-749. Confidential nature of information acquired by
29 accountants; privilege; conditions for disclosure;
30 public records; exceptions

31 A. Certified public accountants and public accountants practicing in
32 this state shall not be required to divulge, nor shall they voluntarily
33 divulge, client records or information which they have received by reason of
34 the confidential nature of their employment. Information derived from or as
35 a result of such professional source shall be kept confidential as provided
36 in this section, but this section shall not be construed as modifying,
37 changing or affecting the criminal or bankruptcy laws of this state or the
38 United States, nor shall it be construed to limit the authority of this state
39 or any agency of this state to subpoena and use ~~such~~ THE information in
40 connection with any investigation, public hearing or other proceeding.

41 B. THE BOARD SHALL NOT REQUIRE A REGISTRANT TO DISCLOSE TAXPAYER
42 INFORMATION PROTECTED FROM DISCLOSURE BY SECTION 42-2069 OR SECTION 43-381
43 EXCEPT AS PROVIDED BY THOSE SECTIONS.

1 ~~B.~~ C. This section does AND SECTION 32-744 DO not prohibit the
2 disclosure of information for:

3 1. Compliance with ethical investigations or practice monitoring
4 programs conducted by the board or private professional organizations
5 pursuant to programs preapproved by the board. These programs include, but
6 are not limited to, quality and peer reviews. The scope of quality and peer
7 reviews may include subsequent, remedial or corrective actions. Disclosure
8 of information under this paragraph shall not destroy its confidentiality and
9 privilege nor relieve any registrant of the obligation of confidentiality.
10 The registrants to whom the information is provided shall be bound by this
11 section.

12 2. Access by the board or its duly authorized agents or employees
13 during business hours to examine and copy any documents, reports, records or
14 other physical evidence of any person being investigated by the board on its
15 own motion or as the result of a complaint received, if the documents,
16 reports, records or evidence relate RELATES to the competence or professional
17 conduct of the registrant who is being investigated.

18 ~~C.~~ D. Records the board maintains in exercising its statutory duties
19 are presumed to be public records pursuant to title 39, chapter 1, article
20 2 and are generally accessible for inspection and copying. Exceptions to the
21 public records presumption include investigations of registrants. The board
22 shall treat as confidential information the complaint, the investigation
23 report, the testimony and documents submitted in support of the complaint or
24 gathered in the investigation, including information obtained pursuant to
25 section 32-721, AND ANY CORRESPONDENCE RELATED TO THE COMPLAINT OR
26 INVESTIGATION. AFTER THE INITIAL ANALYSIS UNDER SECTION 32-742.01, IF THE
27 BOARD OPENS AN INVESTIGATION FILE ON A COMPLAINT, THE DETAILS AND RECORDS OF
28 THE COMPLAINT AND INVESTIGATION SHALL REMAIN CONFIDENTIAL HOWEVER the fact
29 that the A complaint or investigation is pending and ~~any related~~
30 ~~correspondence~~ THE NATURE OF THE COMPLAINT SHALL BE PUBLIC. The board shall
31 not disclose this confidential information to any person except law
32 enforcement authorities and, to the extent deemed necessary to conduct the
33 investigation, the subject of the investigation, persons whose complaints are
34 being investigated and witnesses questioned in the course of the
35 investigation. Except for client records or information and any information
36 from which the client or his THE CLIENT'S property may be identified, the
37 information made confidential under this subsection becomes public record if
38 the board institutes civil enforcement or disciplinary proceedings OR ISSUES
39 A CONSENT ORDER IN LIEU OF DISCIPLINARY PROCEEDINGS. If the board dismisses
40 the matter with no disciplinary action, the board may disclose the
41 information relating to the matter only with the consent of the registrant
42 or entity under investigation.

1 Sec. 23. Incumbent members of state board of accountancy
2 Notwithstanding section 32-702, Arizona Revised Statutes, as added by
3 this act, incumbent members of the Arizona state board of accountancy on the
4 effective date of this act are entitled to continue in office for the
5 remainder of their current terms.
6 Sec. 24. Retroactivity
7 Sections 32-731 and 32-732, Arizona Revised Statutes, as amended by
8 this act, apply retroactively to from and after December 31, 2000.

APPROVED BY THE GOVERNOR APRIL 22, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 22, 2003.

Passed the House March 31, 20 03,

by the following vote: 56 Ayes,

4 Nays, 0 Not Voting

Jake Flake
Speaker of the House
Cheryl Laube
Asst. Chief Clerk of the House

Passed the Senate February 25, 20 03,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Ken Blunett
President of the Senate
Charmian Bevington
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

S.B. 1062

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

SENATE CONCURS IN HOUSE AMENDMENTS
AND FINAL PASSAGE

Passed the Senate April 16, 2003

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Ken Fleneth
President of the Senate

Charmion Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

16 day of April, 2003,

at 4:30 o'clock P M.

Jandra Ramirez
Secretary to the Governor

Approved this 22 day of

April, 2003,

at 2:15 o'clock P M.

Jon Rago
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4/22 day of April, 2003

at 4:15 o'clock P M.

Janie K. Lewis
Secretary of State

S.B. 1062