

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HOUSE BILL 2218

AN ACT

AMENDING SECTIONS 32-701, 32-721, 32-723, 32-741, 32-741.03, 32-741.04 AND
32-742, ARIZONA REVISED STATUTES; RELATING TO CERTIFIED PUBLIC ACCOUNTANTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 32-701, Arizona Revised Statutes, is amended to
3 read:

4 **32-701. Definitions**

5 In this chapter, unless the context otherwise requires:

6 1. "Accounting services" means services that are commonly and
7 historically performed by accountants, including recording or summarizing
8 financial transactions, bookkeeping, analyzing or verifying financial
9 information, auditing, reviewing or compiling financial statements, reporting
10 financial results, financial planning, providing attestation or tax or
11 consulting services.

12 2. "Accredited institution" means any public or private regionally or
13 nationally accredited college or university that is accredited by an
14 organization recognized by the council for higher education accreditation or
15 its successor agency.

16 3. "Attest services" means the following services that are rendered by
17 the holder of a certificate issued by the board:

18 (a) Audits or other engagements to be performed in accordance with the
19 statements on auditing standards adopted by the American institute of
20 certified public accountants.

21 (b) Reviews of financial statements to be performed in accordance with the
22 statements on standards for accounting and review services adopted by the
23 American institute of certified public accountants.

24 (c) Any examination of prospective financial information to be
25 performed in accordance with the statements on standards for attestation
26 engagements adopted by the American institute of certified public
27 accountants.

28 (d) Any engagement to be performed in accordance with the standards of
29 the public company accounting oversight board or its successor.

30 (e) Any examination, review or agreed on procedure engagement to be
31 performed in accordance with the statements on standards for attestation
32 engagements adopted by the American institute of certified public
33 accountants, other than an examination described in subdivision (c) of this
34 paragraph.

35 4. "Attestation" or "attest function" means the issuance by a
36 registrant of a written communication that expresses a conclusion about the
37 reliability of a written assertion that is the responsibility of another
38 party.

39 5. "Board" means the Arizona state board of accountancy established by
40 section 32-702.

41 6. "Certified public accountant" means an individual who has been
42 issued a certificate of authority by the board to practice as a certified
43 public accountant or who meets the limited reciprocity privilege requirements
44 pursuant to section 32-725.

1 7. "Client" means a person or entity, other than one's employer, for
2 whom accounting services are provided.

3 8. "Consulting services" includes management advisory services,
4 litigation support services, valuation services and other services that
5 require the use of technical skills, education, observation, experience and
6 knowledge to develop an analytical approach to process and to present
7 findings, conclusions or recommendations.

8 9. "Conviction" means a judgment of conviction by any state or federal
9 court of competent jurisdiction in a criminal cause, regardless of whether an
10 appeal is pending or could be taken, and includes any judgment or order based
11 on a plea of no contest.

12 10. "Disciplinary action" means any other regulatory sanctions imposed
13 by the board in combination with, or as an alternative to, revocation or
14 suspension of a certificate or registration, including the imposition of:

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

18 (b) Restrictions on the scope of the registrant's accounting practice,
19 including, without limitation, restriction of audit or attest function
20 practice, restriction of tax practice or restriction of consulting services.

21 (c) Pre-issuance and post-issuance peer review.

22 (d) Professional education requirements.

23 (e) A decree of censure.

24 (f) Probation requirements best adapted to protect the public welfare.

25 (g) Reimbursement of the board's costs of investigations and
26 proceedings initiated under this chapter, **INCLUDING ATTORNEY FEES**.

27 (h) A requirement for restitution payments to accounting services
28 clients or to other persons suffering economic loss resulting from violations
29 of this chapter or rules adopted pursuant to this chapter.

30 11. "Employer" means a person or entity that hires an individual to
31 perform a service and that directs and controls the manner in which the
32 service is performed.

33 12. "Federal securities laws" means the securities act of 1933, the
34 securities exchange act of 1934, the public utility holding company act of
35 1935 and the investment company act of 1940, as amended.

36 13. "Financial statements":

37 (a) Means statements and footnotes related to statements that purport
38 to show a financial position or changes in a financial position in conformity
39 with generally accepted accounting principles or other comprehensive basis of
40 accounting.

41 (b) Includes balance sheets, statements of income, statements of
42 retained earnings, statements of cash flows, statements of changes in an
43 owner's equity and other commonly used or recognized summaries of financial
44 information.

(c) Does not include tax returns or information contained in tax returns.

14. "Firm" means a business organization that is engaged in the practice of public accounting and that is established under the laws of any state or foreign country, including a sole practitioner, partnership, professional corporation, professional limited liability company, limited liability company, limited liability partnership or any other entity recognized by the board that has met the applicable requirements contained in sections 32-731 and 32-732.

15. "Good cause" means factors that temporarily prevent a registrant from satisfying a particular requirement in a specific instance as determined by the board and may include:

- (a) A disability.
- (b) An illness.
- (c) A physical or mental condition.
- (d) Military service.
- (e) Financial hardship.
- (f) A natural disaster.
- (g) Any condition or circumstance that the board deems relevant.

16. "Jurisdiction" means, for the purposes of examination, certification or limited reciprocity privilege, the fifty states of the United States, the District of Columbia, the United States Virgin Islands, Guam, ~~or~~ the Commonwealth of the northern Mariana Islands **OR THE COMMONWEALTH OF PUERTO RICO**.

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

18. "Limited reciprocity privilege" means the permission to practice as a certified public accountant in this state pursuant to section 32-725 for an individual whose principal place of business is outside of this state.

19. "Management advisory services" means advisory services consisting of the development of findings, conclusions or recommendations for the recipient's consideration and decision making.

20. "Practice of accounting" means providing accounting services for a client or an employer.

21. "Practice of public accounting" means providing accounting services for a client but does not include providing accounting services, other than attest services or compilation services, for a nonprofit entity or a family member without an expectation of and without receiving compensation.

22. "Principal place of business" means the office designated by the individual or firm as the principal location for the practice of accounting.

1 23. "Public accountant" means an individual who has been issued a
2 certificate of authority by the board to practice as a public accountant.

3 24. "Registrant" means any certified public accountant, public
4 accountant or firm that is registered with the board.

5 25. "Related courses" means:

6 (a) Business administration.

7 (b) Statistics.

8 (c) Computer science, information systems or data processing.

9 (d) Economics.

10 (e) Finance.

11 (f) Management.

12 (g) Business law.

13 (h) College algebra or more advanced mathematics.

14 (i) Advanced written communication.

15 (j) Advanced oral communication.

16 (k) Ethics.

17 (l) Marketing.

18 (m) Other courses closely related to the subject of accounting and
19 satisfactory to the board.

20 Sec. 2. Section 32-721, Arizona Revised Statutes, is amended to read:

21 32-721. Certified public accountants; qualifications

22 A. The board shall issue a certificate of certified public accountant
23 to any individual who complies with all of the following:

24 1. Meets the requirements of section 41-1080.

25 2. Is at least eighteen years of age.

26 3. Is of good moral character.

27 4. Has not engaged in any conduct that would constitute grounds for
28 revocation or suspension of a certificate or other disciplinary action
29 pursuant to section 32-741.

30 5. Meets the requirements of subsection B, C or D of this section.

31 B. If the applicant passes the uniform certified public accountant
32 examination and has never been certified, registered or licensed as a
33 certified public accountant in this state or another jurisdiction, the
34 applicant must comply with both of the following:

35 1. Have had at least two thousand hours of paid or unpaid experience,
36 either before or after passing all sections of the ~~examination for~~ **UNIFORM**
37 certified public accountant **EXAMINATION**, that has exposed the applicant to
38 and provided the applicant with experience in the practice of accounting.
39 The applicant's experience must be sufficient to demonstrate the applicant's
40 ability for critical inquiry and analysis of financial accounting
41 information, including balance sheets, income statements, cash flow
42 statements and tax returns and the applicant's ability to communicate, either
43 orally or in writing, on the results of an inquiry or analysis of that
44 information to an employer, client or third party.

1 2. Present satisfactory evidence that the person has successfully
2 obtained a baccalaureate degree or higher degree from an accredited
3 institution or a college or university that maintains standards comparable to
4 those of an accredited institution and that the applicant has completed at
5 least one hundred fifty semester hours of education of which:

6 (a) At least thirty-six semester hours are nonduplicative accounting
7 courses of which at least thirty semester hours are ~~upper-division~~
8 **UPPER-LEVEL** courses.

9 (b) At least thirty semester hours are related courses.

10 C. If the applicant passes the uniform certified public accountant
11 examination **OR THE INTERNATIONAL QUALIFICATION EXAMINATION** and has a
12 certificate, registration or license to practice as a certified public
13 accountant in another jurisdiction and the applicant has never had a
14 certificate issued by the board expire or be relinquished or revoked, at
15 least one of the following shall apply:

16 1. The certificate, registration or license is issued by a
17 jurisdiction whose requirements are determined by the board to be
18 substantially equivalent to the requirements prescribed in subsection B of
19 this section.

20 2. The applicant has a baccalaureate degree or its equivalent or a
21 higher degree from an accredited institution or a college or university that
22 maintains standards comparable to those of an accredited institution and
23 either of the following applies:

24 (a) The applicant has been employed as a certified public accountant
25 in the practice of accounting for at least three years and has completed at
26 least one hundred fifty semester hours of education that includes both of the
27 following:

28 (i) At least twenty-four semester hours of nonduplicative accounting
29 courses, of which twelve semester hours are ~~upper-division~~ **UPPER-LEVEL**
30 courses.

31 (ii) At least eighteen semester hours in related courses.

32 (b) The applicant has been employed as a certified public accountant
33 in the practice of accounting for at least five of the ten preceding years
34 and has completed both of the following:

35 (i) At least twenty-four semester hours of nonduplicative accounting
36 courses, of which twelve semester hours are ~~upper-division~~ **UPPER-LEVEL**
37 courses.

38 (ii) At least eighteen semester hours in related courses.

39 3. The applicant has been employed as a certified public accountant in
40 the practice of accounting for at least ten of the fifteen preceding years.

41 D. If an applicant passes the international uniform certified public
42 accountant qualification examination of the American institute of certified
43 public accountants, all of the following apply:

1 1. The applicant's country has a mutual recognition agreement with the
2 national association of state boards of accountancy that has been adopted by
3 the board.

4 2. The board recognizes that the applicant's qualifications are
5 substantially equivalent to the qualifications of certified public
6 accountants in the United States in the areas of education, examination and
7 experience.

8 Sec. 3. Section 32-723, Arizona Revised Statutes, is amended to read:

9 32-723. Uniform certified public accountant examination:
10 qualifications

11 A. A person shall not be permitted to take the uniform certified
12 public accountant examination unless the person presents satisfactory
13 evidence that the person has successfully obtained a baccalaureate degree or
14 a higher degree from an accredited institution or a college or university
15 that maintains standards comparable to those of an accredited institution.
16 The evidence must show both of the following:

17 1. At least twenty-four semester hours of nonduplicative accounting
18 courses of which twelve semester hours are ~~upper division~~ **UPPER-LEVEL**
19 courses.

20 2. At least eighteen semester hours in related courses.

21 B. The board may contract with a public or private entity for the
22 administration of the examination. The examination may be conducted under a
23 uniform examination system.

24 C. Within a reasonable time after the examination the board or its
25 contracted agent shall notify each candidate of the candidate's grade. Any
26 candidate may request a grade review or an appeal by submitting a uniform
27 certified public accountant examination score review or appeal form to the
28 **BOARD OR THE** board's contracted agent.

29 Sec. 4. 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~~ **JURISDICTION** or
37 of the United States if civil rights have not been restored pursuant to title
38 13, chapter 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 by a certified public accountant or 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. Discipline to the holder of any certificate or other authority to
7 practice or refusal to renew the certificate or other authority to practice
8 as a certified public accountant by any other ~~state~~ JURISDICTION 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~~ ANY JURISDICTION or federal securities
19 laws.

20 9. Violation of any decision, order or rule issued or adopted by the
21 board.

22 10. Suspension or revocation for cause of the right to practice before
23 the federal securities exchange commission or any other governmental body or
24 agency or the public company accounting oversight board or its successor.

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

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

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

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

34 13. Making any false or misleading statement or verification in support
35 of an application for a certificate, registration or permit filed by another
36 person.

37 14. Making a false or misleading statement:

38 (a) To the board or its designated agent.

39 (b) On a form required by the board.

40 (c) In written correspondence to the board.

41 15. Failing to respond in writing or furnish information in a timely
42 manner to the board or its designated agent, if the information is legally
43 requested by the board and is in the registrant's possession or control.

44 B. Pursuant to title 41, chapter 6, article 10, the board may
45 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 notice of conviction of any crime that has a reasonable
4 relationship to the practice of accounting, including crimes involving
5 accounting or tax violations, dishonesty, fraud, misrepresentation,
6 embezzlement, theft, forgery, perjury or breach of fiduciary duty or of any
7 felony.

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

12 C. The board may take disciplinary action against a holder of a
13 certificate issued pursuant to this chapter who is practicing accounting even
14 if the person is not representing to the public that the person is a
15 certified public accountant or a public accountant and even if the person is
16 practicing accounting in a firm that is not registered by the board.

17 D. The board may issue a letter of concern if, in the opinion of the
18 board, there is insufficient evidence to support disciplinary action against
19 the registrant, but the board believes, as a result of information
20 ascertained during an investigation, that continuation of the activities that
21 led to the investigation may result in future board action against the
22 registrant. A registrant may file a response with the board within thirty
23 days after receipt of a letter of concern. Letters of concern issued by the
24 board and records kept by the board in connection with investigations leading
25 to letters of concern are confidential and are not public records.

26 Sec. 5. Section 32-741.03, Arizona Revised Statutes, is amended to
27 read:

28 32-741.03. Revoked certificate: qualifications for new
29 certificate

30 A. If the board revokes the certificate of an individual registrant,
31 the individual shall return the certificate to the board. If the individual
32 is unable to return the certificate, the individual must sign and submit to
33 the board an affidavit on a form prescribed by the board stating that the
34 individual is unable to return the certificate to the board.

35 B. An individual whose certificate has been revoked shall not assume
36 or use the title or designation of "certified public accountant" or "public
37 accountant" or the abbreviation "C.P.A.", "CPA", "P.A." or "PA".

38 C. Except as otherwise provided in this subsection, the board shall
39 not issue a certificate to an individual whose certificate has been revoked
40 until five years after the effective date of revocation. If the revocation
41 is based only on section 32-741, subsection A, paragraph 1 or 2 and the
42 criminal conviction is ultimately reversed on appeal, the board shall enter
43 an order vacating the revocation.

1 D. An individual whose certificate has been revoked may apply for and
2 the board may issue a new certificate if the individual does all of the
3 following:

4 1. Files an application for reinstatement on a form prescribed by the
5 board and pays the reinstatement application fee pursuant to section 32-729.

6 2. Demonstrates through substantial evidence presented to the board
7 that the individual is completely rehabilitated with respect to the conduct
8 that was the basis of the revocation of the certificate. Demonstration of
9 rehabilitation shall include evidence of the following:

10 (a) The individual has not engaged in any conduct during the
11 revocation period that, if the individual had been registered during the
12 period, would have constituted a basis for revocation or suspension pursuant
13 to section 32-741.

14 (b) With respect to any criminal conviction that constitutes any part
15 of the basis for the previous revocation, civil rights have been fully
16 restored pursuant to statute or an applicable recognized judicial or
17 gubernatorial order.

18 (c) THE INDIVIDUAL HAS MADE restitution ~~has been made~~ as ordered by
19 the board or by a court of competent jurisdiction as a result of the
20 individual's violation of this chapter or rules adopted pursuant to this
21 chapter.

22 (d) THE INDIVIDUAL HAS ADDRESSED OR REMEDIED ANY COMPLAINTS,
23 INVESTIGATIONS OR BOARD-ORDERED REQUIREMENTS THAT ARE PENDING OR OUTSTANDING
24 AT THE TIME OF REVOCATION.

25 ~~(d)~~ (e) Other evidence of rehabilitation that the board deems
26 appropriate.

27 3. Submits proof that the individual has satisfied continuing
28 professional education requirements as prescribed by the board.

29 4. If not waived by the board, presents satisfactory evidence from an
30 accredited institution or a college or university that maintains standards
31 comparable to those of an accredited institution that the individual has
32 completed at least one hundred fifty semester hours of education as follows:

33 (a) At least thirty-six semester hours are accounting courses of which
34 at least thirty semester hours are upper-level courses.

35 (b) At least thirty semester hours are related courses.

36 5. If prescribed by the board, presents evidence that the individual
37 has retaken and passed the uniform certified public accountant examination.

38 6. On board approval of reinstatement, pays the registration fee
39 pursuant to section 32-729.

1 Sec. 6. Section 32-741.04, Arizona Revised Statutes, is amended to
2 read:

32-741.04. Relinquishment of certificate with disciplinary proceedings pending: qualifications for new certificate

6 A. A certified public accountant or public accountant may relinquish
7 the individual's certificate pending or in lieu of an investigation or
8 disciplinary proceedings or while under a disciplinary order. The board
9 shall consider a relinquishment tendered by a certified public accountant or
10 public accountant pursuant to this section and shall determine whether to
11 accept the relinquishment. The board shall issue an order documenting its
12 decision.

13 B. An individual whose certificate has been relinquished shall not
14 assume or use the title or designation of "certified public accountant" or
15 "public accountant" or the abbreviation "C.P.A.", "CPA", "P.A." or "PA".

16 C. An individual who relinquishes a certificate pursuant to this
17 section may apply for reinstatement and the board may issue a new certificate
18 if the individual does all of the following:

19 1. Files an application for reinstatement on the form prescribed by
20 the board and pays the reinstatement application fee pursuant to section
21 32-729.

22 2. Demonstrates through substantial evidence presented to the board
23 that the individual is completely rehabilitated with respect to the conduct
24 that was pending at the time of relinquishment. Demonstration of
25 rehabilitation shall include evidence of the following:

26 (a) The individual has not engaged in any conduct during the
27 relinquishment period that, if the individual had been registered during the
28 period, would have constituted a basis for revocation or suspension pursuant
29 to section 32-741.

30 (b) With respect to any criminal conviction that constitutes any part
31 of the basis for the relinquishment, civil rights have been fully restored
32 pursuant to statute or an applicable recognized judicial or gubernatorial
33 order.

34 (c) The individual has addressed or ~~redeemed~~ REMEDIED any complaints,
35 investigations or ~~any board order~~ BOARD-ORDERED requirements that are pending
36 or outstanding at the time of relinquishment.

37 (d) THE INDIVIDUAL HAS MADE RESTITUTION AS ORDERED BY THE BOARD OR BY
38 A COURT OF COMPETENT JURISDICTION AS A RESULT OF THE INDIVIDUAL'S VIOLATION
39 OF THIS CHAPTER OR RULES ADOPTED PURSUANT TO THIS CHAPTER.

40 (e) Other evidence of rehabilitation that the board deems
41 appropriate.

42 3. Submits proof that the individual has satisfied continuing
43 education requirements as prescribed by the board.

44 4. If not waived by the board, presents satisfactory evidence from an
45 accredited institution or a college or university that maintains standards

1 comparable to those of an accredited institution that the individual has
2 completed at least one hundred fifty semester hours of education as follows:

3 (a) At least thirty-six semester hours are accounting courses of which
4 at least thirty semester hours are upper-level courses.

5 (b) At least thirty semester hours are related courses.

6 5. If prescribed by the board, presents evidence that the individual
7 has retaken and passed the uniform certified public accountant examination.

8 6. On board approval of reinstatement, pays the registration fee
9 pursuant to section 32-729.

10 D. If the board accepts the relinquishment of a certificate of a
11 certified public accountant or public accountant, the person shall return the
12 certificate to the board and shall attach to the certificate a document that
13 is signed and dated and that is in substantially the following form:

14 I, (insert name of registrant), acknowledge that disciplinary
15 proceedings have been initiated against me pursuant to title 32,
16 chapter 6, article 3, Arizona Revised Statutes, and I relinquish
17 my right to practice accounting as a (insert either "certified
18 public accountant" or "public accountant") in the state of
19 Arizona. I understand that if I choose to apply for a new
20 certificate, I must meet all requirements for certification
21 pursuant to section 32-741.04, Arizona Revised Statutes. I
22 further understand that, in deciding whether to issue a new
23 certificate to me, the board will consider all disciplinary
24 actions currently pending against me and any other matters it
25 determines to be appropriate.

26 Sec. 7. Section 32-742, Arizona Revised Statutes, is amended to read:

27 32-742. Revocation or suspension of firm's registration;
28 failure to renew or reinstate: reinstatement;
29 relinquishment

30 A. After notice and an opportunity for a hearing, the board shall
31 revoke a firm's registration to practice public accounting if at any time it
32 does not have all the qualifications prescribed by this chapter.

33 B. After notice and an opportunity for a hearing, the board may revoke
34 or suspend a firm's registration to practice public accounting and may
35 additionally take disciplinary action concerning the registrant for any of
36 the causes enumerated in section 32-741, subsection A or for any of the
37 following additional causes:

38 1. The revocation or suspension of any certificate issued by the board
39 of any partner, shareholder, member, manager, officer, director, agent or
40 employee of the firm.

41 2. The cancellation, revocation, suspension or refusal to renew the
42 authority of the firm or any Arizona partner, shareholder, member, manager,
43 officer, director, agent or employee to practice public accounting in any
44 other state for any cause other than failure to pay a registration fee in the
45 other state.

1 C. The board shall suspend, without notice or hearing, the
2 registration to practice public accounting of any firm that fails to register
3 as required by section 32-730 and pay the registration fee as required by
4 section 32-729. ~~Terms of~~ A suspension issued under this subsection:

5 1. Shall include a provision that the suspension shall be vacated when
6 the registrant has paid all past due fees and penalties. If the firm fails
7 to reinstate its registration within twelve months after the date of
8 suspension, the registration expires.

9 2. **IS NOT A DISCIPLINARY ORDER.**

10 D. A firm whose registration has expired for failure to renew may
11 apply for reinstatement. The board may reinstate the registration if the
12 firm meets all of the following requirements:

13 1. Files an application on a form prescribed by the board.

14 2. Has not engaged in any conduct that would constitute grounds for
15 revocation or suspension of a registration pursuant to section 32-741.

16 3. On board approval of reinstatement, pays the registration fee
17 pursuant to section 32-729.

18 E. A FIRM MAY RELINQUISH ITS REGISTRATION PENDING OR IN LIEU OF AN
19 INVESTIGATION OR A DISCIPLINARY PROCEEDING OR WHILE UNDER A DISCIPLINARY
20 ORDER. THE BOARD SHALL CONSIDER A RELINQUISHMENT TENDERED BY THE FIRM
21 PURSUANT TO THIS SECTION AND MAY DETERMINE WHETHER TO ACCEPT THE
22 RELINQUISHMENT. THE BOARD SHALL ISSUE AN ORDER DOCUMENTING ITS DECISION.

23 F. A FIRM WHOSE REGISTRATION HAS BEEN RELINQUISHED SHALL NOT ASSUME OR
24 USE THE TITLE OR DESIGNATION "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC
25 ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA".

26 G. A FIRM WHOSE REGISTRATION HAS BEEN RELINQUISHED PURSUANT TO THIS
27 SECTION MAY APPLY FOR REINSTATEMENT AND THE BOARD MAY ISSUE A NEW
28 REGISTRATION IF THE FIRM DOES ALL OF THE FOLLOWING:

29 1. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY
30 THE BOARD AND PAYS THE REGISTRATION FEE PURSUANT TO SECTION 32-729,
31 PARAGRAPH 4.

32 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD
33 THAT THE FIRM IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT THAT
34 WAS PENDING AT THE TIME OF RELINQUISHMENT. DEMONSTRATION OF REHABILITATION
35 INCLUDES EVIDENCE OF THE FOLLOWING:

36 (a) THE FIRM OR ANY PARTNER OF THE FIRM HAS NOT ENGAGED IN ANY CONDUCT
37 DURING THE RELINQUISHMENT PERIOD THAT, IF THE FIRM OR PARTNER OF THE FIRM HAD
38 BEEN REGISTERED DURING THAT PERIOD, WOULD HAVE CONSTITUTED A BASIS FOR
39 REVOCATION OR SUSPENSION PURSUANT TO SECTION 32-741.

40 (b) THE FIRM HAS ADDRESSED OR REMEDIED ANY COMPLAINTS, INVESTIGATIONS
41 OR BOARD-ORDERED REQUIREMENTS THAT ARE PENDING OR OUTSTANDING AT THE TIME OF
42 RELINQUISHMENT.

43 (c) OTHER EVIDENCE OF REHABILITATION THAT THE BOARD DEEMS APPROPRIATE.

44 3. MEETS ALL OF THE REQUIREMENTS FOR REGISTRATION PURSUANT TO THIS
45 CHAPTER.

1 H. IF THE BOARD ACCEPTS THE RELINQUISHMENT OF A REGISTRATION OF A
2 FIRM, BEFORE THE RELINQUISHMENT MAY TAKE EFFECT, THE FIRM SHALL SUBMIT A
3 DOCUMENT THAT IS SIGNED AND DATED AND THAT IS IN SUBSTANTIALLY THE FOLLOWING
4 FORM:

5 I, (INSERT NAME OF REGISTRANT ACTING ON BEHALF OF THE
6 FIRM), ACKNOWLEDGE THAT DISCIPLINARY PROCEEDINGS HAVE BEEN
7 INITIATED AGAINST (INSERT NAME OF FIRM) PURSUANT TO TITLE 32,
8 CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, AND THE FIRM
9 RELINQUISHES ITS RIGHT TO PRACTICE ACCOUNTING AS A CERTIFIED
10 PUBLIC ACCOUNTING FIRM IN THE STATE OF ARIZONA. I UNDERSTAND
11 THAT IF THE FIRM APPLIES FOR A NEW REGISTRATION, IT MUST MEET
12 ALL REQUIREMENTS FOR REGISTRATION PURSUANT TO SECTION 32-742,
13 ARIZONA REVISED STATUTES. I FURTHER UNDERSTAND THAT, IN
14 DECIDING WHETHER TO ISSUE A NEW REGISTRATION TO THE FIRM, THE
15 BOARD WILL CONSIDER ALL DISCIPLINARY ACTIONS CURRENTLY PENDING
16 AGAINST THE FIRM AND ANY OTHER MATTERS IT DETERMINES TO BE
17 APPROPRIATE.

18 DATED THIS ____ DAY OF ____ , 20 ____.

19 BY: (INSERT NAME OF FIRM, NAME OF INDIVIDUAL SIGNING ON
20 BEHALF OF FIRM, AND THAT INDIVIDUAL'S POSITION IN FIRM)