

SENATE BILL NO. 335—COMMITTEE ON COMMERCE AND LABOR

MARCH 23, 2009

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions regarding regulation of accountants. (BDR 54-191)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to accountants; revising provisions governing registration of and professional accounting services provided by partnerships, corporations, limited-liability companies and sole proprietorships; providing for practice privileges to be granted to certain persons not licensed in this State under certain circumstances; revising provisions governing competency requirements, discipline, licensing requirements and retention of documents; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Sections 4, 14-21, 26, 28 and 30-34 of this bill revise provisions governing the registration of domestic and foreign partnerships, corporations, limited-liability companies and sole proprietorships performing professional accounting services in this State to require registration under certain circumstances and to specify certain services which may be performed without registration under certain circumstances, as well as revise related provisions governing such practice.

Sections 5, 9, 27, 29 and 31-35 of this bill set forth the conditions under which a natural person who holds a valid license as a certified public accountant in another state shall be deemed to be granted the practice privileges of a certified public accountant in this State and revise related provisions governing such practice.

Section 6 of this bill establishes the competency requirements which must be met by a person who signs or authorizes another to sign an accountant's report on financial statements.

Sections 10 and 22 of this bill revise the authority of the Nevada State Board of Accountancy to revoke or refuse to grant a certificate, a permit or practice privileges of a certified public accountant.



Sections 11-13 of this bill authorize the Board to use all or any part of a certain provider's examination and grading service and to prescribe by regulation the education required for an applicant's eligibility to take that examination.

Section 23 of this bill revises provisions relating to the Board's conduct of disciplinary proceedings.

Sections 24 and 25 of this bill revise provisions relating to the retention of documents associated with the rendering of certain professional services.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 628 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

Sec. 2. *"Compilation" means the presentation, in the form of financial statements prepared in accordance with the Statements on Standards for Accounting and Review Services (SSARS) published by the American Institute of Certified Public Accountants, of information that is a representation by the owner or management of an entity without undertaking to state or imply assurance of the reliability of the information.*

Sec. 3. *"Home office" means the location specified by a client of an accountant as the address of an entity for which the accountant practices public accounting, performs an attestation or compilation or performs other professional services within the practice of public accounting.*

Sec. 4. 1. *The Board shall grant or renew registration to a partnership, corporation, limited-liability company or sole proprietorship that demonstrates its qualifications therefor in accordance with this chapter.*

2. *A partnership, corporation or limited-liability company with an office in this State shall register with the Board if the partnership, corporation or limited-liability company:*

(a) Performs attest services;

(b) Performs compilation services;

(c) Is engaged in the practice of public accounting; or

(d) Is styled and known as a certified public accountant or uses the abbreviation "C.P.A."

3. *A partnership, corporation, limited-liability company or sole proprietorship that does not have an office in this State:*

(a) Shall register with the Board if the partnership, corporation, limited-liability company or sole proprietorship performs attest services for a client having his home office in this State.



(b) May practice public accounting, may perform compilation services or other professional services within the practice of public accounting other than attest services for a client having his home office in this State, may be styled and known as a certified public accountant and may use the title or designation "certified public accountant" and the abbreviation "C.P.A." without registering with the Board if:

(1) Persons who are certified public accountants in any state constitute a simple majority, in terms of financial interests and voting rights of all partners, shareholders, officers, members and principals thereof, of the ownership of the partnership, corporation, limited-liability company or sole proprietorship;

(2) The partnership, corporation, limited-liability company or sole proprietorship complies with the provisions of subsection 5 of NRS 628.325, if applicable;

(3) A natural person granted practice privileges pursuant to section 5 of this act practices such public accounting or performs such compilation services or such other professional services within the practice of public accounting for the client having his home office in this State; and

(4) The partnership, corporation, limited-liability company or sole proprietorship can lawfully perform such services in the state where the natural person described in subparagraph (3) has his principal place of business.

4. A natural person granted practice privileges pursuant to section 5 of this act must not be required to obtain a permit from this State pursuant to NRS 628.380 if he performs such professional services for:

(a) Which a partnership, corporation, limited-liability company or sole proprietorship is required to register pursuant to subsection 2 or 3; or

(b) A partnership, corporation or limited-liability company registered pursuant to the provisions of NRS 628.325.

Sec. 5. 1. Except as otherwise provided in this chapter, a natural person who holds a valid license as a certified public accountant from any state other than this State shall be deemed to be a certified public accountant for all purposes under the laws of this State other than this chapter.

2. A natural person granted practice privileges pursuant to subsection 1 is not required to obtain:

(a) A certificate pursuant to NRS 628.190; or

(b) A permit pursuant to NRS 628.380.

3. A natural person granted practice privileges pursuant to subsection 1 and a partnership, corporation, limited-liability company or sole proprietorship that employs such a person shall



1 *be deemed to consent, as a condition of the grant of such practice*
2 *privileges:*

3 *(a) To the personal and subject matter jurisdiction, and*
4 *disciplinary authority, of the Board.*

5 *(b) To comply with the provisions of this chapter and the*
6 *regulations of the Board.*

7 *(c) That, in the event that the license from the state wherein*
8 *the natural person's principal place of business is located becomes*
9 *invalid, the natural person will cease offering or engaging in the*
10 *practice of professional accounting in this State individually and*
11 *on behalf of a partnership, corporation, limited-liability company*
12 *or sole proprietorship.*

13 *(d) To the appointment of the state board that issued the*
14 *license as the agent upon whom process may be served in any*
15 *investigation, action or proceeding relating to the natural person*
16 *or the partnership, corporation, limited-liability company or sole*
17 *proprietorship by the Board.*

18 *4. A natural person granted practice privileges pursuant to*
19 *subsection 1 may perform attest services for a client having his*
20 *home office in this State only if the partnership, corporation,*
21 *limited-liability company or sole proprietorship that employs the*
22 *person is registered pursuant to section 4 of this act.*

23 *Sec. 6. A person who, on his own behalf or on behalf of a*
24 *partnership, corporation, limited-liability company or sole*
25 *proprietorship, signs or authorizes another to sign an*
26 *accountant's report on financial statements shall meet the*
27 *requirements for competency as set forth in the professional*
28 *standards of accounting.*

29 **Sec. 7.** NRS 628.003 is hereby amended to read as follows:

30 628.003 As used in this chapter, unless the context otherwise
31 requires, the words and terms defined in NRS 628.005 to 628.033,
32 inclusive, *and sections 2 and 3 of this act* have the meanings
33 ascribed to them in those sections.

34 **Sec. 8.** NRS 628.005 is hereby amended to read as follows:

35 628.005 "Attest," "attesting" and "attestation" mean the
36 issuance of opinions, reports or other documents which state or
37 imply assurance of the reliability of ~~[any financial]~~ information
38 when the opinions, reports or other documents are accompanied by
39 or contain any name, title or wording which ~~[indicate]~~ *indicates* that
40 the person or other entity which has issued them is an accountant or
41 auditor, or has expert knowledge in accounting or auditing. The
42 terms include any disclaimer of an opinion when the disclaimer is in
43 a form which is understood to imply any positive assurance of the
44 reliability of the information and expertise on the part of the person
45 making the disclaimer.



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1 **Sec. 9.** NRS 628.023 is hereby amended to read as follows:

2 628.023 "Practice of public accounting" means the offering to
3 perform or the performance by a holder of a live permit ~~[.]~~ *or a*
4 *natural person granted practice privileges pursuant to section 5 of*
5 *this act*, for a client or potential client, of one or more services
6 involving the use of skills in accounting or auditing, one or more
7 services relating to advising or consulting with clients on matters
8 relating to management or the preparation of tax returns and the
9 furnishing of advice on matters relating to taxes.

10 **Sec. 10.** NRS 628.190 is hereby amended to read as follows:

11 628.190 1. Except as otherwise provided in this section and
12 NRS 628.310, a certificate of certified public accountant must be
13 granted by the Board to any person who:

14 (a) Is a resident of this State or, if not a resident, has designated
15 to the Board an agent who is a resident for notification and service
16 of process;

17 (b) Is a person who is without any history of acts involving
18 dishonesty or moral turpitude;

19 (c) Complies with the requirements of education and experience
20 as provided in NRS 628.200;

21 (d) Has submitted to the Board a complete set of his fingerprints
22 and written permission authorizing the Board to forward the
23 fingerprints to the Central Repository for Nevada Records of
24 Criminal History for submission to the Federal Bureau of
25 Investigation for its report; and

26 (e) Has passed the examination prescribed by the Board.

27 2. The Board may refuse to grant a certificate of certified
28 public accountant to an applicant if he has been convicted of a
29 felony ~~[relating to the practice of a certified public accountant under~~
30 ~~the laws of any state or of the United States.]~~ *in this State or an*
31 *offense in another state or jurisdiction which would be a felony if*
32 *committed in this State.*

33 3. The Board may issue a provisional certificate to an applicant
34 until the Board receives the report from the Federal Bureau of
35 Investigation.

36 **Sec. 11.** NRS 628.200 is hereby amended to read as follows:

37 628.200 1. Except as otherwise provided in subsection 4, the
38 ~~[requirement]~~ *requirements* of education for a certificate of certified
39 public accountant ~~[is at]~~ *are:*

40 (a) *At* least 150 semester hours or an equivalent number of
41 quarter hours ; and ~~[includes a]~~

42 (b) *A* baccalaureate degree or an equivalent degree from a
43 college or university recognized by the Board:



~~[(a)]~~ (1) With a major in accounting, or what the Board determines to be substantially the equivalent of a major in accounting; or

~~[(b)]~~ (2) With a major other than accounting supplemented by what the Board determines to be substantially the equivalent of an accounting major, including related courses in other areas of business administration.

2. The requirement for experience for a certificate of certified public accountant is:

(a) Two years of public accounting experience in a partnership, corporation, limited-liability company or sole proprietorship engaged in the practice of public accounting under the direct supervision of a person who is a certified public accountant; or

(b) Experience in internal auditing work or governmental accounting and auditing work of a character and for a length of time sufficient in the opinion of the Board to be substantially equivalent to the requirements of paragraph (a).

3. The Board:

(a) Shall adopt regulations concerning:

(1) The number of semester hours or an equivalent number of quarter hours in accounting and other courses required by an applicant to satisfy the requirements of subsection 1.

(2) The public accounting experience, internal auditing work, and governmental accounting and auditing work required by an applicant to satisfy the requirements of subsection 2.

(b) May provide by regulation for the substitution of qualified programs of continuing education to satisfy partially the requirement of experience described in paragraph (b) of subsection 2 or may add any program to the requirement of experience.

4. Notwithstanding any provision of this section to the contrary, an applicant for a certificate of certified public accountant who has received conditional credit pursuant to NRS 628.260 for passing a section of the examination required for a certificate, and who applies that credit to his subsequent passage of the examination, is subject to the educational requirements to receive a certificate that were in effect on the date on which he first received the conditional credit.

Sec. 12. NRS 628.230 is hereby amended to read as follows:

628.230 **1.** The Board shall prescribe by regulation the ~~methods~~:

(a) Methods of applying for ~~and~~ *an examination*;

(b) Methods of completing an examination, including grading and the requirements to pass the examination ~~and~~; *and*

(c) Education required to be eligible to take an examination.



2. The Board may use ~~fall or any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants as it deems appropriate to assist it in performing its duties hereunder.~~ *an examination from any provider as approved by the Board.*

Sec. 13. NRS 628.240 is hereby amended to read as follows:

628.240 A candidate for a certificate of certified public accountant ~~[.]~~ who has met the educational requirements as ~~[provided in NRS 628.200.]~~ *prescribed by the Board pursuant to NRS 628.230* is eligible to take the examination without waiting until he meets the requirements of experience if he also meets the requirements of paragraphs (a) and (b) of subsection 1 of NRS 628.190.

Sec. 14. NRS 628.340 is hereby amended to read as follows:

628.340 1. A partnership ~~[engaged in this State in the practice of public accounting shall]~~ *required to* register with the Board ~~[as a partnership of certified public accountants and]~~ *pursuant to section 4 of this act must* meet the following requirements:

(a) At least one general partner must be *either* a certified public accountant of this State in good standing ~~[.]~~ *or, if the partnership is required to register pursuant to paragraph (a) of subsection 3 of section 4 of this act, a natural person granted practice privileges pursuant to section 5 of this act.*

(b) Each partner who is a resident of this State and is personally and regularly engaged within this State in the practice of public accounting as a member thereof , *or whose principal place of business is in this State and who is engaged in the practice of professional accounting in this State,* must be a certified public accountant of this State in good standing.

(c) Each partner who *is* personally ~~[engages]~~ *and regularly engaged* in the practice of public accounting in this State ~~[and who is not a resident of this State and is not regularly employed in an office of the firm in this State]~~ must be *either* a certified public accountant *of this State* in good standing ~~[of some state]~~ or ~~[a jurisdiction of the United States approved by the Board by regulation.]~~ , *if the partnership is required to register pursuant to paragraph (a) of subsection 3 of section 4 of this act, a natural person granted practice privileges pursuant to section 5 of this act.*

(d) Each partner who is regularly engaged in the practice of public accounting within the United States must be a certified public accountant in good standing of some state or jurisdiction of the United States . ~~[approved by the Board by regulation.]~~

(e) Each manager in charge of an office of the ~~[firm]~~ *partnership* in this State must be *either* a certified public accountant



1 of this State in good standing ~~[]~~ *or a natural person granted*
2 *practice privileges pursuant to section 5 of this act.*

3 (f) A corporation or limited-liability company which is
4 registered pursuant to NRS 628.343 or 628.345 may be a partner,
5 and a partnership which is registered pursuant to this section may be
6 a general partner, in a partnership engaged in the practice of public
7 accounting.

8 2. Application for registration must be made upon the affidavit
9 of *either* a general partner who holds a live permit to practice in this
10 State as a certified public accountant ~~[]~~ *or, if the partnership is*
11 *required to register pursuant to paragraph (a) of subsection 3 of*
12 *section 4 of this act, a natural person granted practice privileges*
13 *pursuant to section 5 of this act.* The Board shall determine
14 whether the applicant is eligible for registration and may charge an
15 initial fee and an annual renewal fee set by the Board by regulation.
16 A partnership which is so registered may use the words "certified
17 public accountants" or the abbreviation "C.P.A.'s" or "CPA's" in
18 connection with its partnership name. Notice must be given to the
19 Board within 1 month after the admission to or withdrawal of a
20 partner from any partnership so registered.

21 **Sec. 15.** NRS 628.343 is hereby amended to read as follows:

22 628.343 1. A corporation ~~[organized for the practice of~~
23 ~~public accounting shall]~~ *required to* register with the Board ~~[as a~~
24 ~~corporation of certified public accountants and]~~ *pursuant to section*
25 *4 of this act shall* comply with the following requirements:

26 (a) The sole purpose and business of the corporation must be to
27 furnish to the public services not inconsistent with this chapter or
28 the regulations of the Board, except that the corporation may invest
29 its money in a manner not incompatible with the practice of public
30 accounting.

31 (b) The principal officer of the corporation and any officer or
32 director having authority over the practice of public accounting by
33 the corporation must be a certified public accountant of some state
34 in good standing.

35 (c) At least one shareholder of the corporation must be *either* a
36 certified public accountant of this State in good standing ~~[]~~ *or, if*
37 *the corporation is required to register pursuant to paragraph (a) of*
38 *subsection 3 of section 4 of this act, a natural person granted*
39 *practice privileges pursuant to section 5 of this act.*

40 (d) Each manager in charge of an office of the corporation in
41 this State and each shareholder or director who is regularly and
42 personally engaged within this State in the practice of public
43 accounting must be *either* a certified public accountant of this State
44 in good standing ~~[]~~ *or, if the corporation is required to register*
45 *pursuant to paragraph (a) of subsection 3 of section 4 of this act, a*



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1 *natural person granted practice privileges pursuant to section 5 of*
2 *this act.*

3 (e) In order to facilitate compliance with the provisions of this
4 section relating to the ownership of stock, there must be a written
5 agreement binding the shareholders or the corporation to purchase
6 any shares offered for sale by, or not under the ownership or
7 effective control of, a qualified shareholder. The corporation may
8 retire any amount of stock for this purpose, notwithstanding any
9 impairment of its capital, so long as one share remains outstanding.

10 (f) The corporation shall comply with other regulations
11 pertaining to corporations practicing public accounting in this State
12 adopted by the Board.

13 2. Application for registration must be made upon the affidavit
14 of *either* a shareholder who holds a live permit to practice in this
15 State as a certified public accountant ~~or, if the corporation is~~
16 ~~required to register pursuant to paragraph (a) of subsection 3 of~~
17 ~~section 4 of this act, a natural person granted practice privileges~~
18 ~~pursuant to section 5 of this act.~~ The Board shall determine
19 whether the applicant is eligible for registration and may charge an
20 initial fee and an annual renewal fee set by the Board by regulation.
21 A corporation which is so registered may use the words "certified
22 public accountants" or the abbreviation "C.P.A.'s" or "CPA's" in
23 connection with its corporate name. Notice must be given to the
24 Board within 1 month after the admission to or withdrawal of a
25 shareholder from any corporation so registered.

26 **Sec. 16.** NRS 628.345 is hereby amended to read as follows:

27 628.345 1. A limited-liability company ~~organized for the~~
28 ~~practice of public accounting shall~~ *required to* register with the
29 Board ~~as a limited liability company of certified public accountants~~
30 ~~and~~ *pursuant to section 4 of this act shall* comply with the
31 following requirements:

32 (a) The sole purpose and business of the limited-liability
33 company must be to furnish to the public services not inconsistent
34 with this chapter or the regulations of the Board, except that the
35 limited-liability company may invest its money in a manner not
36 incompatible with the practice of public accounting.

37 (b) The manager, if any, of the limited-liability company must
38 be a certified public accountant of some state in good standing.

39 (c) At least one member of the limited-liability company must
40 be *either* a certified public accountant of this State in good standing
41 ~~or, if the limited-liability company is required to register~~
42 ~~pursuant to paragraph (a) of subsection 3 of section 4 of this act, a~~
43 ~~natural person granted practice privileges pursuant to section 5 of~~
44 ~~this act.~~



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(d) Each person in charge of an office of the limited-liability company in this State and each member who is regularly and personally engaged within this State in the practice of public accounting must be *either* a certified public accountant of this State in good standing ~~or~~ *or, if the limited-liability company is required to register pursuant to paragraph (a) of subsection 3 of section 4 of this act, a natural person granted practice privileges pursuant to section 5 of this act.*

(e) In order to facilitate compliance with the provisions of this section relating to the ownership of interests, there must be a written agreement binding the members or the limited-liability company to purchase any interest offered for sale by, or not under the ownership or effective control of, a qualified member.

(f) The limited-liability company shall comply with other regulations pertaining to limited-liability companies practicing public accounting in this State adopted by the Board.

2. Application for registration must be made upon the affidavit of the manager or a member of the limited-liability company. The affiant must hold a live permit to practice in this State as a certified public accountant ~~or~~ *or, if the limited-liability company is required to register pursuant to paragraph (a) of subsection 3 of section 4 of this act, be a natural person granted practice privileges pursuant to section 5 of this act.* The Board shall determine whether the applicant is eligible for registration and may charge an initial fee and an annual renewal fee set by the Board by regulation. A limited-liability company which is so registered may use the words "certified public accountants" or the abbreviation "C.P.A.'s" or "CPA's" in connection with its name. Notice must be given to the Board within 1 month after the admission to or withdrawal of a member from any limited-liability company so registered.

Sec. 17. NRS 628.360 is hereby amended to read as follows:

628.360 1. ~~It is~~ *Unless exempt from registration pursuant to section 4 of this act,* a partnership engaged in this State in the practice of public accounting shall register with the Board as a partnership of public accountants and meet the following requirements:

(a) At least one general partner thereof must be a certified public accountant or a registered public accountant of this State in good standing.

(b) Each partner thereof personally and regularly engaged within this State in the practice of public accounting as a member thereof must be a certified public accountant or a registered public accountant of this State in good standing.



(c) Each manager in charge of an office of the firm in this State must be a certified public accountant or a registered public accountant of this State in good standing.

(d) A corporation or limited-liability company which is registered pursuant to NRS 628.363 or 628.365 may be a partner, and a partnership which is registered pursuant to this section may be a general partner, in a partnership engaged in the practice of public accounting.

2. Application for registration must be made upon the affidavit of a general partner who holds a live permit to practice in this State as a certified public accountant or as a registered public accountant. The Board shall determine whether the applicant is eligible for registration. The Board may charge a registration fee and renewal fee and a reporting fee in an amount set by regulation. A partnership which is so registered may use the words "public accountants" in connection with its partnership name. Notice must be given to the Board within 1 month after the admission to or withdrawal of a partner from any partnership so registered.

Sec. 18. NRS 628.363 is hereby amended to read as follows:

628.363 1. ~~[A]~~ *Unless exempt from registration pursuant to section 4 of this act,* a corporation organized for the practice of public accounting shall register with the Board as a corporation of public accountants and comply with the following requirements:

(a) The sole purpose and business of the corporation must be to furnish to the public services not inconsistent with this chapter or the regulations of the Board, except that the corporation may invest its money in a manner not incompatible with the practice of public accounting.

(b) The principal officer of the corporation and any officer or director having authority over the practice of public accounting by the corporation must be a certified public accountant or a registered public accountant of this State in good standing.

(c) Each manager in charge of an office of the corporation in this State must be a certified public accountant or a registered public accountant of this State in good standing.

(d) In order to facilitate compliance with the provisions of this section relating to the ownership of stock, there must be a written agreement binding the shareholders or the corporation to purchase any shares offered for sale by, or not under the ownership or effective control of, a qualified shareholder. The corporation may retire any amount of stock for this purpose, notwithstanding any impairment of its capital, so long as one share remains outstanding.

(e) The corporation shall comply with other regulations pertaining to corporations practicing public accounting in this State adopted by the Board.



2. Application for registration must be made upon the affidavit of a shareholder who holds a live permit to practice in this State as a certified public accountant or as a registered public accountant. The Board shall determine whether the applicant is eligible for registration. The Board may charge a registration fee and renewal fee and a reporting fee in an amount set by regulation. A corporation which is so registered may use the words "public accountants" in connection with its corporate name. Notice must be given to the Board within 1 month after the admission to or withdrawal of a shareholder from any corporation so registered.

Sec. 19. NRS 628.365 is hereby amended to read as follows:

628.365 1. ~~[A]~~ *Unless exempt from registration pursuant to section 4 of this act, a* limited-liability company organized for the practice of public accounting shall register with the Board as a limited-liability company of public accountants and comply with the following requirements:

(a) The sole purpose and business of the limited-liability company must be to furnish to the public services not inconsistent with this chapter or the regulations of the Board, except that the limited-liability company may invest its money in a manner not incompatible with the practice of public accounting.

(b) The manager, if any, of the limited-liability company must be a certified public accountant or *a* registered public accountant of this State in good standing.

(c) Each person in charge of an office of the limited-liability company in this State must be a certified public accountant or a registered public accountant of this State in good standing.

(d) In order to facilitate compliance with the provisions of this section relating to the ownership of interests, there must be a written agreement binding the members or the limited-liability company to purchase any interest offered for sale by, or not under the ownership or effective control of, a qualified member.

(e) The limited-liability company shall comply with other regulations pertaining to limited-liability companies practicing public accounting in this State adopted by the Board.

2. Application for registration must be made upon the affidavit of the manager or a member of the limited-liability company. The affiant must hold a live permit to practice in this State as a certified public accountant or as a registered public accountant. The Board shall determine whether the applicant is eligible for registration. The Board may charge a registration fee and renewal fee and a reporting fee in an amount set by regulation. A limited-liability company which is so registered may use the words "public accountants" in connection with its name. Notice must be given to the Board within



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1 1 month after the admission to or withdrawal of a member of a
2 limited-liability company so registered.

3 **Sec. 20.** NRS 628.370 is hereby amended to read as follows:

4 628.370 1. Each office established or maintained in this State
5 for the practice of public accounting in this State by a certified
6 public accountant or a partnership, corporation or limited-liability
7 company composed of certified public accountants, or by a
8 registered public accountant or a partnership, corporation or limited-
9 liability company composed of registered public accountants, must
10 be registered annually under this chapter with the Board. The Board
11 may charge a fee for the registration of an office in an amount set by
12 regulation.

13 2. ~~{Each office must be under the supervision of a manager,~~
14 ~~who may be a partner, shareholder, member or employee holding a~~
15 ~~certificate and a live permit.~~

16 ~~—3.}~~ The Board shall by regulation prescribe the procedure to be
17 followed in registering offices.

18 **Sec. 21.** NRS 628.375 is hereby amended to read as follows:

19 628.375 1. Before a certified public accountant ~~{or}~~ , a
20 registered public accountant or a partnership, corporation or limited-
21 liability company composed of certified public accountants or
22 registered public accountants *with an office in this State* engages in
23 the practice of public accounting in this State under a fictitious
24 name, ~~{it}~~ *the person or entity* must register the fictitious name with
25 the Board.

26 2. The Board shall adopt regulations to carry out the provisions
27 of this section, including, without limitation, regulations that
28 prescribe:

29 (a) The procedure for registering a fictitious name with the
30 Board; and

31 (b) The fee for registering a fictitious name with the Board.

32 **Sec. 22.** NRS 628.390 is hereby amended to read as follows:

33 628.390 1. After giving notice and conducting a hearing, the
34 Board may revoke, or may suspend for a period of not more than 5
35 years, any certificate issued under NRS 628.190 to 628.310,
36 inclusive, *any practice privileges granted pursuant to section 4 or*
37 *5 of this act*, any registration or license granted to a registered
38 public accountant under NRS 628.350, or any registration of a
39 partnership, corporation, limited-liability company , *sole*
40 *proprietorship* or office, or may revoke, suspend or refuse to renew
41 any permit issued under NRS 628.380, or may publicly censure the
42 holder of any permit, *license or registration or any natural person*
43 *granted practice privileges pursuant to section 5 of this act*, for any
44 one or any combination of the following causes:



(a) Fraud or deceit in obtaining a certificate as a certified public accountant, or in obtaining registration or a license as a public accountant under this chapter ~~[,]~~ or in obtaining a permit to practice public accounting under this chapter.

(b) Dishonesty, fraud or gross negligence by a certified or registered public accountant ~~[in the practice of public accounting or, if not in the practice of public accounting, of a kind which adversely affects the ability to perform public accounting.]~~ *or a natural person granted practice privileges pursuant to section 5 of this act.*

(c) Violation of any of the provisions of this chapter.

(d) Violation of a regulation or rule of professional conduct adopted by the Board under the authority granted by this chapter.

(e) Conviction of a felony *relating to the practice of public accounting* under the laws of any state or ~~[of the United States relating to the practice of public accounting.]~~ *jurisdiction.*

(f) Conviction of any crime ~~[, and]~~ :

(1) *An* element of which is dishonesty or fraud ~~[,]~~ ; *or*

(2) *Involving moral turpitude,*

↪ under the laws of any state or ~~[of the United States.]~~ *jurisdiction.*

(g) Cancellation, revocation, suspension , *placing on probation* or refusal to renew authority to practice as a certified public accountant or a registered public accountant by any other state, for any cause other than failure to pay an annual registration fee or to comply with requirements for continuing education or review of his practice in the other state.

(h) Suspension , ~~[or]~~ revocation *or placing on probation* of the right to practice before any state or federal agency.

(i) Unless the person has been placed on inactive or retired status, failure to obtain an annual permit under NRS 628.380, within:

(1) Sixty days after the expiration date of the permit to practice last obtained or renewed by the holder of a certificate or registrant; or

(2) Sixty days after the date upon which the holder of a certificate or registrant was granted his certificate or registration, if no permit was ever issued to him, unless the failure has been excused by the Board.

(j) Conduct discreditable to the profession of public accounting or which reflects adversely upon the fitness of the person to engage in the practice of public accounting.

(k) Making a false or misleading statement in support of an application for a certificate, registration or permit of another person.

(l) *Committing an act in another state or jurisdiction which would be subject to discipline in that state.*



2. After giving notice and conducting a hearing, the Board may deny an application to take the examination prescribed by the Board pursuant to NRS 628.190, deny a person admission to such an examination, invalidate a grade received for such an examination or deny an application for a certificate issued pursuant to NRS 628.190 to 628.310, inclusive, to a person who has:

(a) Made any false or fraudulent statement, or any misleading statement or omission relating to a material fact in an application:

(1) To take the examination prescribed by the Board pursuant to NRS 628.190; or

(2) For a certificate issued pursuant to NRS 628.190 to 628.310, inclusive;

(b) Cheated on an examination prescribed by the Board pursuant to NRS 628.190 or any such examination taken in another state or jurisdiction of the United States;

(c) Aided, abetted or conspired with any person in a violation of the provisions of paragraph (a) or (b); or

(d) Committed any combination of the acts set forth in paragraphs (a), (b) and (c).

3. In addition to other penalties prescribed by this section, the Board may impose a civil penalty of not more than \$5,000 for each violation of this section.

4. The Board shall not privately censure the holder of any permit, license, ~~or~~ certificate ~~or~~ registration ~~or~~ *or any natural person granted practice privileges pursuant to section 5 of this act.*

5. An order that imposes discipline and the findings of fact and conclusions of law supporting that order are public records.

Sec. 23. NRS 628.410 is hereby amended to read as follows:

628.410 1. The Board may initiate proceedings under this chapter ~~either on~~ :

(a) *On* its own motion ~~or on~~ ;

(b) *On* the complaint of any person ~~or~~ ; or

(c) *On a complaint made by a board of accountancy of another state.*

2. A written notice of the hearing must be served on the respondent not less than 30 days before the date of the hearing, either personally or by mailing a copy thereof by registered or certified mail to the address of the respondent last known to the Board.

3. If, after having been served with the notice of hearing, the respondent fails to appear at the hearing and defend, the Board may proceed to hear evidence against him and may enter such order as is justified by the evidence. The order is final unless the respondent petitions for a review thereof. Within 30 days after the date of any order, upon a showing of good cause for failing to appear and



1 defend, the Board may reopen the proceedings and may permit the
2 respondent to submit evidence in his behalf.

3 4. At any hearing , a respondent may be represented before the
4 Board by counsel or by a certified public accountant or registered
5 public accountant of this State in good standing. The respondent is
6 entitled, on application to the Board, to the issuance of subpoenas to
7 compel the attendance of witnesses on his behalf.

8 5. The Board, or any member thereof, may issue subpoenas to
9 compel the attendance of witnesses and the production of
10 documents. In case of disobedience to a subpoena , the Board may
11 invoke the aid of any court of this State in requiring the attendance
12 and testimony of witnesses and the production of documentary
13 evidence.

14 6. A hearing may be conducted by:

15 (a) The Board, less any member or members who have been
16 disqualified, without the appointment of persons to hear the case in
17 place of the disqualified members; or

18 (b) A member of the Board appointed by the Board as a hearing
19 officer, with the remaining members of the Board, less any member
20 or members who have been disqualified, to review the record, make
21 a final decision and issue the order,

22 ➔ unless the Board, after disqualifications, consists of less than
23 three members to hear or review the case, in which circumstance the
24 Governor must appoint one or more qualified persons so that the
25 panel which hears or reviews the case consists of at least three
26 persons.

27 7. A stenographic record of the hearing must be kept and a
28 transcript thereof filed with the Board.

29 8. At all hearings , the Attorney General or one of his deputies
30 designated by him or such other legal counsel as may be employed
31 shall appear and represent the Board.

32 9. The decision of the Board must be by majority vote thereof.

33 **Sec. 24.** NRS 628.430 is hereby amended to read as follows:

34 628.430 All statements, records, schedules, working papers
35 and memoranda made by a certified public accountant , ~~for~~ a
36 registered public accountant *or a natural person granted practice*
37 *privileges pursuant to section 5 of this act* incident to or in the
38 course of professional service to clients by the accountant, except
39 reports submitted by a certified public accountant , ~~for~~ a registered
40 public accountant *or a natural person granted practice privileges*
41 *pursuant to section 5 of this act* to a client, are the property of the
42 accountant, in the absence of an express agreement between the
43 accountant and the client to the contrary. No such statement, record,
44 schedule, working paper or memorandum may be sold, transferred
45 or bequeathed, without the consent of the client or his personal



representative or assignee, to anyone other than one or more surviving partners or new partners of the accountant or to his corporation.

Sec. 25. NRS 628.435 is hereby amended to read as follows:

628.435 1. *A practitioner shall comply with all professional standards for accounting and documentation related to an attestation applicable to particular engagements.*

2. Except as otherwise provided in this section ~~[and in all professional standards for accounting and documentation related to an attestation applicable to particular engagements, a practitioner shall retain all documentation related to an attestation for not less than ~~[7] 5~~ years after the date ~~[on which the practitioner delivers the attestation to the client.~~~~

~~—2.] of the report containing the attestation.~~

3. Documentation related to an attestation that, at the end of the retention period set forth in ~~[subsection 1,]~~ *subsections 1 and 2,* is a part of or subject to a pending investigation of, or disciplinary action against, a practitioner must be retained and must not be destroyed until the practitioner has been notified in writing that the investigation or disciplinary action has been closed or concluded.

~~[3.—Any change in documentation related to an attestation must set forth the identity of each person making the change, the identity of each person approving the change, the date on which the change is made and the reason for the change if the reason is other than the assembling of preexisting documents. Any documentation related to an attestation which is changed must contain sufficient detail to enable a person reviewing the changed documentation who has relevant knowledge and experience but no previous connection with the attestation, to understand the nature, timing, reasoning for and extent of the change.~~

~~—4.—During the 60 days immediately after the date on which a practitioner delivers an attestation to a client, documents may be added to the file for assemblage and documentation of work previously performed. The provisions of this subsection do not authorize the deferral of procedures related to attestations that are otherwise required to be performed before the date of issuance of the attestation.~~

~~—5.—Each practitioner shall establish a policy for the retention and destruction of documentation related to any attestation made by the practitioner. The policy must provide for the preservation of documentation related to an attestation for the period required pursuant to subsection 1 and for the authorized custody, security, access, retention and destruction of the documentation. The policy must be in writing and must include, without limitation, procedures for:~~



~~—(a) Maintaining back-up copies of electronic documentation related to attestations at secure locations;~~
~~—(b) Maintaining documentation related to attestations;~~
~~—(c) Approving any changes to documentation related to attestations; and~~
~~—(d) Approving the destruction of documentation related to attestations after that documentation is no longer required to be maintained. The procedures must provide for the identification of those persons, by name or position, who are authorized to approve the destruction of the documentation.~~

~~—6.] 4. As used in this section:~~

~~(a) [“Change in documentation related to an attestation” includes any addition, removal, deletion, substitution or editing of documentation related to an attestation, including, without limitation, physical or electronic additions to any file containing documentation related to an attestation or to any preexisting documentation related to an attestation, if the addition, removal, deletion, substitution or editing:~~

~~—(1) Occurs after the date on which the attestation is delivered to the client; and~~

~~—(2) Is supported by the documentation related to the attestation.~~

~~—(b)] “Documentation related to an attestation” includes, without limitation:~~

~~(1) All documentation relating to consultations and resolutions of any differences of professional opinion regarding the exercise of professional judgment relating to an attestation; and~~

~~(2) Documentation of the findings or issues related to the attestation that, based on the judgment of the practitioner after an objective analysis of the facts and circumstances, [are] is determined to be significant, regardless of whether the documentation includes information or data that is inconsistent with the final conclusions of the practitioner.~~

~~[(e)] (b) “Practitioner” means:~~

~~(1) A holder of a certificate issued pursuant to NRS 628.190 to 628.310, inclusive, any registration or license granted to a registered public accountant pursuant to NRS 628.350 or a permit issued pursuant to NRS 628.380; [or]~~

~~(2) A [certified public accountant or registered public accountant or a] partnership, corporation, [or] limited-liability company [composed of certified public accountants or] or sole proprietorship registered [public accountants which does not hold a live permit and does not have a registered office or residence in this State, but has been issued, or has applied for, a temporary permit] pursuant to [NRS 628.440.] *section 4 of this act; or*~~



(3) A natural person granted practice privileges pursuant to section 5 of this act.

Sec. 26. NRS 628.440 is hereby amended to read as follows:

628.440 ~~[1.]~~ This chapter does not prohibit any person from serving as an employee of, or an assistant to, a certified public accountant or registered public accountant who holds a live permit, or a partnership, corporation or limited-liability company composed of certified public accountants or registered public accountants registered pursuant to NRS ~~[628.340, 628.343, 628.345,]~~ 628.360, 628.363 or 628.365 if the employee or assistant does not issue any accounting or financial statement over his name.

~~[2.— The Board may adopt regulations providing for the issuance of temporary permits to persons who do not hold live permits and do not have a registered office or residence in this State, or to partnerships, corporations and limited liability companies which are not registered and have no registered office, to permit those persons, partnerships, corporations and limited liability companies to fulfill specific engagements or employments in this State. A temporary permit:~~

~~—(a) Is valid for no more than 6 months;~~

~~—(b) Covers only one engagement; and~~

~~—(c) May not be issued to any person unless he is a certified public accountant or registered public accountant of another state or jurisdiction of the United States approved by the Board, or to any partnership, corporation or limited liability company unless all of the partners, shareholders or members thereof are certified public accountants or registered public accountants of another state or a jurisdiction of the United States approved by the Board.~~

~~—3. Each person, partnership, corporation and limited liability company applying for a temporary permit shall file with the Board a designation and acceptance of an agent for service of legal process and shall pay a fee established by the Board by regulation before commencing work for a client.~~

~~—4. The person, partner, shareholder or member who is responsible for the conduct of the engagement shall be deemed to be personally engaged in the practice of public accounting in this State, and must meet all requirements of NRS 628.310 and requirements for continuing education.~~

~~—5. A person who holds a temporary permit is subject to all of the provisions of this chapter relating to discipline. The Board may refuse to act upon an application for further permits for a period of time set by the Board, or may refuse to issue a temporary permit to any person, partnership corporation or limited liability company if disciplinary proceedings are pending in any jurisdiction.]~~



* S B 3 3 5 R 1 *

Sec. 27. NRS 628.450 is hereby amended to read as follows:

628.450 A natural person shall not assume or use the title or designation "certified public accountant" or the abbreviation "C.P.A." or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that he is a certified public accountant ~~[]~~ unless he ~~[has]~~ :

1. Has received a certificate as a certified public accountant under NRS 628.190 to 628.310, inclusive, holds a live permit ~~[]~~ and all of his offices in this State for the practice of public accounting are maintained and registered as required under NRS 628.370 ~~[]~~ ;
or

2. Is a natural person granted practice privileges pursuant to section 5 of this act.

Sec. 28. NRS 628.460 is hereby amended to read as follows:

628.460 A partnership, corporation , ~~[or]~~ limited-liability company *or sole proprietorship* shall not assume or use the title or designation "certified public accountant" or the abbreviation "C.P.A." or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the partnership, corporation , ~~[or]~~ limited-liability company *or sole proprietorship* is composed of certified public accountants unless the partnership, corporation , ~~[or]~~ limited-liability company *or sole proprietorship* is ~~[registered]~~ :

1. Registered as a partnership, corporation , ~~[or]~~ limited-liability company *or sole proprietorship* of certified public accountants and all offices of the partnership, corporation , ~~[or]~~ limited-liability company *or sole proprietorship* in this State for the practice of public accounting are maintained and registered as required under NRS 628.370 ~~[]~~ ; *or*

2. Performing services within the practice of public accounting pursuant to the provisions of subsection 3 of section 4 of this act.

Sec. 29. NRS 628.470 is hereby amended to read as follows:

628.470 A natural person shall not assume or use the title or designation "public accountant," "registered public accountant" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that he is a public accountant unless he ~~[is]~~ :

1. Is a registered public accountant, holds a live permit ~~[]~~ and all of his offices in this State for the practice of public accounting are maintained and registered as required under NRS 628.370 ~~[]~~ ~~[or]~~ *unless he has* ;

2. Has received a certificate as a certified public accountant under NRS 628.190 to 628.310, inclusive, holds a live permit ~~[]~~ and all of his offices in this State for the practice of public accounting



* S B 3 3 5 R 1 *

are maintained and registered as required under NRS 628.370 ~~§~~ ;
or

3. Is a natural person granted practice privileges pursuant to section 5 of this act.

Sec. 30. NRS 628.480 is hereby amended to read as follows:

628.480 A partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* shall not assume or use the title or designation “public accountant” or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* is composed of public accountants ~~§~~ unless the partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* is ~~registered~~ :

1. Registered as a partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* of registered public accountants or as a partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* of certified public accountants and all offices of the partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* in this State for the practice of public accounting are maintained and registered as required under NRS 628.370 ~~§~~ ; or

2. Performing services within the practice of public accounting pursuant to the provisions of subsection 3 of section 4 of this act.

Sec. 31. NRS 628.490 is hereby amended to read as follows:

628.490 1. Except as otherwise provided in subsection 2 ~~§~~ *and NRS 628.450 to 628.480, inclusive*, a person, partnership, corporation , ~~§~~ limited-liability company *or sole proprietorship* shall not assume or use the title or designation “certified accountant,” or any other title or designation likely to be confused with “certified public accountant” or “public accountant,” or any of the abbreviations “C.A.,” “P.A. ” ~~§~~ or similar abbreviations likely to be confused with “C.P.A.”

2. Anyone who ~~holds~~ :

(a) Holds a live permit *pursuant to NRS 628.380 or is registered as a partnership, corporation, limited-liability company or sole proprietorship pursuant to the provisions of this chapter* and all of whose offices in this State for the practice of public accounting are maintained and registered as required under NRS 628.370 ~~and 628.380~~ ;

(b) Has been granted practice privileges pursuant to section 5 of this act; or

(c) Is performing services within the practice of public accounting pursuant to the provisions of subsection 3 of section 4 of this act,



* S B 3 3 5 R 1 *

1 ➡ may hold himself out to the public as an ~~“accountant” or~~
2 ~~“auditor” and if he is a holder of a certificate, as a “certified public~~
3 ~~accountant,” “C.P.A.” or “CPA,” or if he is registered, as a “public~~
4 ~~accountant,” “P.A.” or “PA.”]~~ *“accountant,” “auditor” or*
5 *“certified public accountant.”*

6 **Sec. 32.** NRS 628.510 is hereby amended to read as follows:

7 628.510 1. Except as otherwise provided in subsection 2, a
8 person shall not sign or affix his name or the name of a partnership,
9 corporation , ~~{or}~~ limited-liability company ~~{}~~ *or sole*
10 *proprietorship*, or any trade or assumed name used by him or by the
11 partnership, corporation , ~~{or}~~ limited-liability company *or sole*
12 *proprietorship* in business, with any wording indicating that he is an
13 accountant or auditor, or that the partnership, corporation , ~~{or}~~
14 limited-liability company *or sole proprietorship* is authorized to
15 practice as an accountant or auditor or with any wording indicating
16 that he or the partnership, corporation , ~~{or}~~ limited-liability
17 company *or sole proprietorship* has expert knowledge in accounting
18 or auditing, to any accounting or financial statement, or attest to any
19 accounting or financial statement, unless ~~{he}~~ :

20 (a) ~~He~~ holds a live permit ~~{}~~ or the partnership, corporation ,
21 ~~{or}~~ limited-liability company *or sole proprietorship* is registered
22 pursuant to NRS ~~{628.340, 628.343, 628.345,}~~ 628.360, 628.363 or
23 628.365 *or section 4 of this act* and all of his offices in this State for
24 the practice of public accounting are maintained and registered
25 under NRS 628.370 ~~{}~~;

26 (b) *He is a natural person granted practice privileges pursuant*
27 *to section 5 of this act; or*

28 (c) *The partnership, corporation, limited-liability company or*
29 *sole proprietorship is performing services within the practice of*
30 *public accounting pursuant to the provisions of subsection 3 of*
31 *section 4 of this act.*

32 2. The provisions of subsection 1 do not prohibit:

33 (a) Any officer, employee, partner, principal or member of any
34 organization from affixing his signature to any statement or report in
35 reference to the financial affairs of that organization with any
36 wording designating the position, title or office which he holds in
37 the organization.

38 (b) Any act of a public official or public employee in the
39 performance of his duties as such.

40 (c) Any person who does not hold a live permit from preparing a
41 financial statement or issuing a report if the statement or report,
42 respectively, includes a disclosure that:

43 (1) The person who prepared the statement or issued the
44 report does not hold a live permit issued by the Board; and



* S B 3 3 5 R 1 *

(2) The statement or report does not purport to have been prepared in compliance with the professional standards of accounting adopted by the Board.

Sec. 33. NRS 628.520 is hereby amended to read as follows:

628.520 A person shall not sign or affix the name of a partnership, corporation, ~~or~~ limited-liability company ~~or~~ *or sole proprietorship* with any wording indicating that it is a partnership, corporation, ~~or~~ limited-liability company *or sole proprietorship* composed of accountants or auditors or persons having expert knowledge or special expertise in accounting or auditing, to any accounting or financial statement, or attest to any accounting, or financial statement, unless the partnership, corporation, ~~or~~ limited-liability company *or sole proprietorship* is ~~registered~~ :

1. Registered pursuant to NRS ~~628.340, 628.343, 628.345,~~ 628.360, 628.363 or 628.365 *or section 4 of this act* and all of its offices in this State for the practice of public accounting are maintained and registered as required under NRS 628.370 ~~or~~ ; *or*

2. Performing services within the practice of public accounting pursuant to the provisions of subsection 3 of section 4 of this act.

Sec. 34. NRS 628.540 is hereby amended to read as follows:

628.540 1. Except as otherwise provided in subsection 2, a person, partnership, corporation, ~~or~~ limited-liability company *or sole proprietorship* shall not engage in the practice of public accounting or hold himself or itself out to the public as an “accountant” or “auditor” by use of either or both of those words, or by use of the word “accounting,” or any sign, card, letterhead or in any advertisement or directory unless ~~or~~ :

(a) If a natural person, he holds a live permit ~~or~~ *or has been granted practice privileges pursuant to section 5 of this act;* ~~or~~ *or*

(b) If a partnership, corporation, ~~or~~ limited-liability company ~~or~~ *or sole proprietorship*, it is registered pursuant to NRS ~~628.340, 628.343, 628.345,~~ 628.360, 628.363 or 628.365 ~~or~~ *or section 4 of this act or is performing services within the practice of public accounting pursuant to the provisions of subsection 3 of section 4 of this act.*

2. The provisions of subsection 1 do not prohibit:

(a) Any officer, employee, partner, shareholder, principal or member of any organization from describing himself by the position, title or office he holds in that organization.

(b) Any act of a public official or public employee in the performance of his duties as such.

Sec. 35. NRS 628.550 is hereby amended to read as follows:

628.550 1. A person shall not assume or use the title or designation “certified public accountant” or “public accountant” in



1 conjunction with names indicating or implying that there is a
2 partnership, corporation or limited-liability company, or in
3 conjunction with the designation “and Company” or “and Co.” or a
4 similar designation , if there is in fact no bona fide partnership,
5 corporation or limited-liability company ~~[registered]~~ :

6 *(a) Registered* under NRS ~~[628.340, 628.343, 628.345,]~~
7 ~~628.360, 628.363 or 628.365~~ ~~[.]~~ *or section 4 of this act; or*

8 *(b) Performing services within the practice of public*
9 *accounting pursuant to the provisions of subsection 3 of section 4*
10 *of this act.*

11 ➡ A sole proprietor or partnership lawfully using a title or
12 designation in conjunction with any names or designation on
13 April 1, 1960, may continue to do so if he or it otherwise complies
14 with the provisions of this chapter.

15 2. A person, partnership, corporation or limited-liability
16 company shall not engage in the practice of public accounting under
17 any name which is misleading as to:

18 (a) The legal form of the firm;

19 (b) The persons who are partners, officers, shareholders or
20 members; or

21 (c) Any other matter.

22 ➡ The names of past partners, shareholders or members may be
23 included in the name of a firm or its successors.

24 **Sec. 36.** This act becomes effective on July 1, 2009.

