



RULE-MAKING ORDER
(RCW 34.05.360)

CR-103 (10/1/89)

Agency: Board of Accountancy

- Permanent Rule
 Emergency Rule

(1) Date of adoption: September 28, 1993

(2) Purpose: General housekeeping--eliminates portions of rule which are being recodified.

(3) Citation of existing rules affected by this order:

Repealed:
Amended: WAC 4-25-080 - Commissions, referral fees, and contingent fees.
Suspended:

(4) Authority for adoption:

Statute: RCW 18.04.055
Other Authority:

(5.1) PERMANENT RULE ONLY

Pursuant to notice filed as WSR 93-17-074 on August 17, 1993 (date).
Describe any changes other than editing from proposed to adopted version: None

(5.2) EMERGENCY RULE ONLY

Pursuant to RCW 34.05.350 the agency for good cause finds:

- (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
 (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If yes, explain:

(6) Effective date of rule:

Permanent Rules

- 31 days after filing
 Other (specify) _____ *

*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

Emergency Rules

- Immediately
 Later (specify) _____

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STATE OF WASHINGTON

OCT 28 1993

TIME 13:58
WSR 93-22-044

NAME (TYPE OR PRINT)

Carey L. Rader

SIGNATURE

Carey L. Rader

TITLE

Executive Director

DATE

10/14/93

AMENDATORY SECTION (Amending Order ACB 104, filed 10/10/83)

WAC 4-25-080 (~~Rules of conduct Independence, integrity, and objectivity~~) Commissions, referral fees, and contingent fees.

(A licensee shall not express an opinion on financial statements of an enterprise in such a manner as to imply that he is acting as an independent public accountant with respect thereto unless he is independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

(1) ~~During the period of his professional engagement, or at the time of expressing his opinion, the licensee:~~

(a) ~~(i) Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or~~

~~(ii) Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise; or~~

~~(b) Had any joint closely held business investment with the enterprise or any officer, director, or principal stockholder thereof which was material in relation to the net worth of either the licensee or the enterprise; or~~

~~(c) Had any loan to or from the enterprise or any officer, director, or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:~~

~~(i) Loans obtained by the licensee which are not material in relation to the net worth of the borrower;~~

~~(ii) Home mortgages; and~~

~~(iii) Other secured loans, except those secured solely by a guarantee of the licensee.~~

~~(2) During the period covered by the financial statements, during the period of the professional engagement or at the time of expressing an opinion, the licensee:~~

~~(a) Was connected with the enterprise as a promoter, underwriter, or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee; or~~

~~(b) Was a trustee for any pension or profit sharing trust of the enterprise.~~

~~The foregoing examples are not intended to be all inclusive.~~

~~A licensee shall not in the performance of professional services knowingly misrepresent facts, nor subordinate his judgment to others. In tax practice, however, a licensee may resolve doubt in favor of his client as long as there is reasonable support for his position.)~~

A licensee shall not pay a commission to obtain a client, nor accept a commission for a referral to a client of products or services of others. This rule does not prohibit payments for the purchase of all, or a material part, of an accounting practice, or retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons.

A licensee shall not offer or perform professional services for a fee which is contingent upon the findings or results of such services: *Provided however,* That this rule does not apply to professional services involving federal, state, or other taxes in which the findings are those of the tax authorities and not those of the licensee, nor does it apply to professional services for which the fees are to be fixed by courts or other public authorities, and which are therefore indeterminate in amount at the time the professional services are undertaken.

~~((A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs his independence or objectivity in rendering professional services.))~~