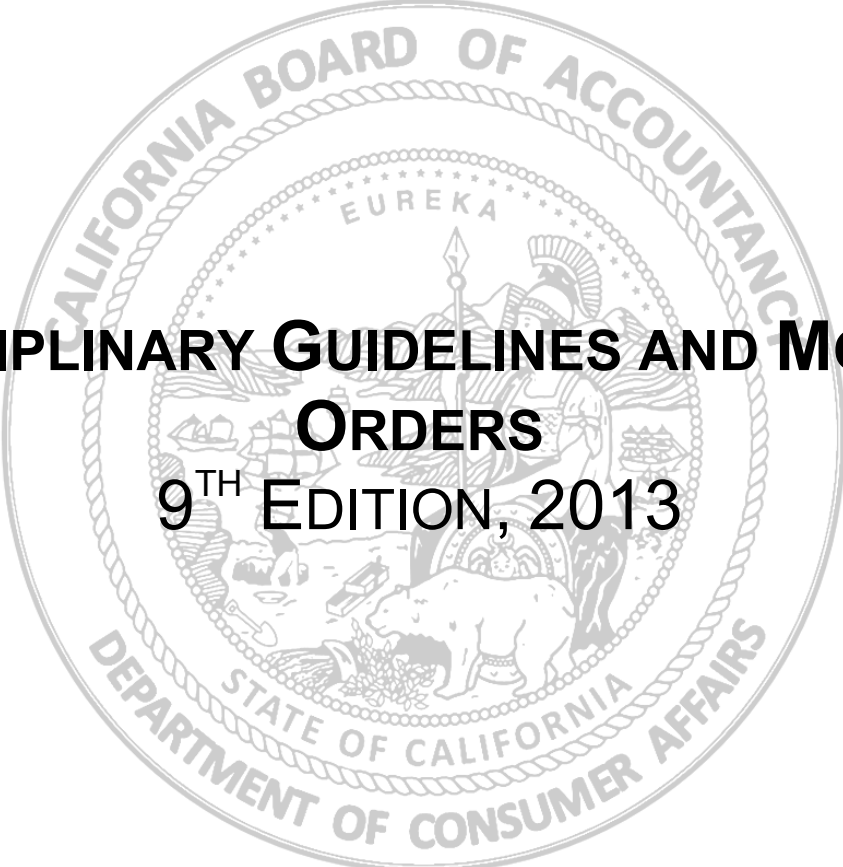


# CALIFORNIA BOARD OF ACCOUNTANCY

The seal of the California Board of Accountancy is a circular emblem. It features a central figure of a Native American holding a bow and arrow, with a grizzly bear at his feet. The word "EUREKA" is inscribed above the figure. The outer ring of the seal contains the text "CALIFORNIA BOARD OF ACCOUNTANCY" at the top and "DEPARTMENT OF CONSUMER AFFAIRS" at the bottom. The inner ring contains "STATE OF CALIFORNIA".

## DISCIPLINARY GUIDELINES AND MODEL ORDERS 9<sup>TH</sup> EDITION, 2013

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# **DISCIPLINARY GUIDELINES AND MODEL ORDERS**

## **I. INTRODUCTION**

The California Board of Accountancy (CBA) licenses the practice of accountancy in the State of California and may revoke, suspend, or refuse to renew any permit or certificate for violation of applicable statutes or regulations. The CBA examines applicants, sets education requirements, and may deny licensure and the authority to practice under practice privilege (California Business and Professions Code (BPC) section 5096 et seq.). The CBA may, by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

The CBA, through its Enforcement Division, assisted by its statutorily established Enforcement Advisory Committee, receives and investigates complaints; initiates and conducts investigations or hearings, with or without the filing of a complaint; and obtains information and evidence relating to any matter involving the conduct of Certified Public Accountants (CPA), Public Accountants (PA) and Accountancy Firms. The California Accountancy Act and the CBA regulations provide the basis for CBA disciplinary action. (See BPC sections 5000 et seq., and Title 16 California Code of Regulations (CCR) sections 1 through 99.1.)

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy in California, or the voluntary surrender of a license by a licensee shall not deprive the CBA of the authority to proceed with an investigation, action, or disciplinary proceeding against the licensee or to render a decision suspending or revoking the license. (See BPC section 5109.)

These disciplinary guidelines, designed for the use of Administrative Law (ALJ) Judges, attorneys, CBA licensees, and others involved in the CBA's disciplinary process, are revised from time to time. The guidelines cover model orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses are referenced to the statutory and regulatory provisions violated.

These disciplinary guidelines set forth recommended discipline for the violation of current statutes and regulations; includes a provision for community service; and provides additional guidance regarding disciplinary and model orders.

The CBA recognizes that these recommended penalties and conditions of probation are merely guidelines and that mitigating or aggravating circumstances and other factors may necessitate deviations, as discussed herein.



## II. GENERAL CONSIDERATIONS

The CBA requests that **Proposed Decisions** following administrative hearings include the following:

- a. Specific code sections violated with their definitions.
- b. Clear description of the violation.
- c. Respondent's explanation of the violation if he or she is present at the hearing.
- d. Findings regarding aggravation, mitigation, and rehabilitation where appropriate (See factors set forth below/CCR section 99.1).
- e. When suspension or probation is recommended, the CBA requests that the disciplinary order include terms within the recommended guidelines for that offense unless the reason for departure there from is clearly set forth in the findings and supported by the evidence.

If the respondent fails to appear for the scheduled hearing, such action shall result in a **default decision** to revoke license.

When the CBA, at a **reinstatement hearing**, denies a petitioner's request for reinstatement, the CBA requests that the Administrative Law Judge provide technical assistance in formulating language clearly setting forth the reasons for denial. Such a **statement** should include, for example, a statement on rehabilitation, including suggestions for further approaches by petitioner to demonstrate rehabilitation, where appropriate. The Petition for Reinstatement Checklist was designed to assist the CBA members and an ALJ with the preparation of a petition for reinstatement. See Attachment 1 for additional information.

- f. **Reimbursement** to the CBA for costs of investigation and prosecution as warranted by BPC section 5107.
- g. Imposition of an **Administrative Penalty** if warranted. See section VI for guidance.

The CBA will consider **stipulated settlements** to promote cost effectiveness and to expedite disciplinary decisions if such agreements achieve its disciplinary objectives. Deputy Attorneys General should inquire as to respondent's interest in stipulated settlement promptly after receipt of a notice of defense. If stipulated settlement appears unlikely, the case should be set for hearing.

The CBA's policy is that all disciplinary actions will be published.

It is also the CBA's policy that matters resolved by stipulation include **cost recovery**.

The CBA's Executive Officer is authorized by statute to request an Administrative Law Judge, as part of any proposed decision in a disciplinary proceeding, to order the recovery of

reasonable costs of investigation and prosecution (BPC section 5107). This statute does not preclude the CBA from seeking recovery of costs through stipulations; thus, it does not change the CBA's policy of requesting and recovering costs where appropriate in stipulated settlements. Restitution to victims and/or administrative penalties should not be reasons to reduce, eliminate, or stay full recovery of all reasonable costs of investigation and prosecution.

In stipulated decisions involving **revocation** (no revocation stayed), the order will generally include the requirement that respondent must reimburse the CBA for all reasonable costs of investigation and prosecution prior to or upon reinstatement of respondent's revoked certificate under BPC section 5115.

The period of **probation** is generally three years. During the probation period, licensees are required to appear in person at interviews/meetings as directed by the CBA or its designated representatives to report on probation compliance.

Where an actual **suspension** is imposed, the order shall include the requirement that respondent engage in no activities for which certification is required (see model disciplinary orders). In addition, the respondent shall relinquish the certificate in question to the CBA and shall notify clients regarding the suspended status of the certificate, if directed to do so by the CBA.

When discipline includes a violation that can be corrected, **correction of the violation** should be included as the basis for any discipline.

**Restitution** should be considered for all cases in which harm is demonstrated against the complainant. However, restitution should consider the actual harm to a complainant; it is not intended to award damages.

*Note:* Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

### **III. EVIDENCE IN AGGRAVATION OF PENALTY**

The following are among aggravating circumstances to be considered by ALJs in providing for penalties in proposed decisions:

1. Evidence that the violation was knowingly committed and/or was premeditated.
2. Licensee has a history of prior discipline, particularly where the prior discipline is for the same or similar type of conduct.
3. Licensee's actions resulted in financial damage to his or her clients or other consumers. The amount of loss may be an additional aggravating factor.
4. Violation of CBA probation.
5. Failure to comply with a final citation order.
6. Failure to comply with a notice to appear before the CBA or its designated representatives.
7. Failure to comply with continuing education requirements as ordered by the CBA or its designated representatives pursuant to CCR section 87.5.
8. Evidence that the licensee has not cooperated with the CBA's investigation.
9. Misappropriation of entrusted funds or other breach of fiduciary responsibility.
10. Duration of violation(s).
11. Evidence that the licensee knew or should have known that his or her actions could harm his or her clients or other consumers.
12. Evidence that the licensee took advantage of his or her client for personal gain, especially if the licensee was able to take advantage due to the ignorance, age, or lack of sophistication of the client.





## **IV. EVIDENCE IN MITIGATION OF PENALTY**

The following are among mitigating circumstances that may be taken into account by ALJs in providing for penalties in proposed decisions:

1. The licensee has cooperated with the CBA's investigation, other law enforcement or regulatory agencies, and/or the injured parties.
2. The passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct.
3. Convincing proof of rehabilitation, including the factors in CCR section 99.1 as well as other relevant considerations.
4. Demonstration of remorse by the licensee.
5. Recognition by licensee of his or her wrongdoing and demonstration of corrective action to prevent recurrence.
6. Violation was corrected without monetary losses to consumers and/or restitution was made in full.
7. If violation involved multiple licensees, the relative degree of culpability of the subject licensee should be considered.



## **V. REHABILITATION CRITERIA**

The CBA's rehabilitation criteria, set forth in CCR section 99.1, are as follows:

When considering the denial of a certificate or permit under BPC section 480, the suspension or revocation of a certificate or permit or restoration of a revoked certificate under BPC section 5115, the CBA, in evaluating the rehabilitation of the applicant and his or her present eligibility for a certificate or permit, will consider the following criteria:

1. Nature and severity of the act(s) or offense(s).
2. Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration that could also be considered as grounds for denial, suspension, or revocation.
3. The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2).
4. The extent to which the applicant or respondent has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or respondent.
5. If applicable, evidence of expungement proceedings pursuant to section 1203.4 of the Penal Code.
6. Evidence, if any, of rehabilitation submitted by the applicant or respondent.



## **VI. ADMINISTRATIVE PENALTIES**

BPC section 5116 et seq. allow the CBA to order any licensee or applicant for licensure or examination to pay an administrative penalty as part of any disciplinary proceeding. In matters that go through the administrative hearing process, the CBA's Executive Officer may request an Administrative Law Judge to impose an administrative penalty as part of any proposed decision.

The administrative penalty assessed shall be in addition to any other penalties or sanctions imposed on the licensee or other person, including but not limited to, license revocation, license suspension, denial of the application for licensure, or denial of admission to the licensing examination. When probation is ordered, an administrative penalty may be included as a condition of probation.

For any violation, with the exception of violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, any licensee may be assessed an administrative penalty of not more than \$5,000 for the first violation and not more than \$10,000 for each subsequent violation.

For violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, licensed firms may be assessed an administrative penalty of not more than \$1,000,000 for the first violation and not more than \$5,000,000 for any subsequent violation. The administrative penalty that may be assessed an individual licensee who violates these sections is limited to not more than \$50,000 for the first violation and not more than \$100,000 for any subsequent violation.

Administrative penalties may be assessed under one or more violations; however, the total administrative penalty shall not exceed the amount of the highest administrative penalty allowed.

The term "violation" used in BPC sections 5116.1, 5116.2, and 5116.3 is intended to include the total violations in the disciplinary proceeding. Accordingly, "first violation" refers to the respondent's first disciplinary action and "subsequent violations" refers to any subsequent disciplinary actions.

Cost recovery ordered under BPC section 5107 should not be a reason to reduce or eliminate the amount of administrative fines.

The following criteria should be considered in assessing administrative penalties.

1. Nature and extent of actual and potential consumer harm.
2. Nature and extent of actual and potential harm to clients.
3. Nature and severity of the violation.
4. The role of the person in the violation.

5. The person's attitude toward his or her commission of the violations.
6. Recognition of wrongdoing.
7. Person's history of violations.
8. Nature and extent of cooperation with the CBA's investigation.
9. The person's ability to pay the administrative penalty.
10. The level of administrative penalty necessary to deter future violations.
11. Nature and extent to which the person has taken corrective action to ensure the violation will not recur.
12. Nature and extent of restitution to consumers harmed by violations.
13. The violations involve sanctions by other government agencies or other regulatory licensing bodies, i.e. Internal Revenue Service, Securities and Exchange Commission, and Public Company Accounting Oversight Board.
14. Other aggravating or mitigating factors.

## VII. DISCIPLINARY GUIDELINES

The offenses and penalties are listed chronologically by statute number in the Business and Professions Code (BPC) and by regulation number in Title 16 of the California Code of Regulations (CCR). The number in brackets following each condition of probation refers to the model order so numbered (See **Model Orders**). The probation terms listed under "if warranted" for each violation are to be considered, and imposed, if facts and circumstances warrant.

### **CALIFORNIA ACCOUNTANCY ACT: BUSINESS AND PROFESSIONS CODE, DIVISION 3, CHAPTER 1**

#### **ARTICLE 2**

##### **Section 5037(a) OWNERSHIP OF ACCOUNTANTS' WORKPAPERS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, [1, 2, 4] 3 years probation

##### CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [25]
3. Probation Monitoring Costs [27]
4. Restricted Practice [28]
5. Ethics Continuing Education [31]
6. Regulatory Review Course [32]
7. Continuing Education Courses [36]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 54.1)

## **Section 5037(b)(1)(2) RETURN OF CLIENT DOCUMENTS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Restitution [26]
  4. Probation Monitoring Costs [27]
  5. Restricted Practice [28]
  6. Engagement Letters [29]
  7. Ethics Continuing Education [31]
  8. Regulatory Review Course [32]
  9. Continuing Education Courses [36]
  10. Community Service – Free Services [40]
  11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
  12. Conditions as appropriate relating to physical or mental disability or condition [44-49]

(Reference Section 68)



## **ARTICLE 3**

### **Section 5050(a) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE**

Except as provided for in sections 5050(c), 5054, and 5096.12, this section applies to a respondent who practices for a time without a valid license to practice or to respondent who practices without obtaining a practice privilege.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Active License Status [37]  
                          8. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

### **Section 5050(c) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE; FOREIGN ACCOUNTANTS**

Applies to respondents licensed in a foreign country who are temporarily practicing in California and hold out as California licensees.

Minimum Penalty – Cease and Desist Letter

Maximum Penalty – Refer to Prosecutorial Agency for Unlicensed Practice

(See section on Unlicensed Activities.)

**Section 5055**  
**Section 5056**

**TITLE OF CERTIFIED PUBLIC ACCOUNTANT/  
TITLE OF PUBLIC ACCOUNTANT**

(Applies to respondent who assumes or uses the title certified public accountant, CPA, public accountant, or PA without having an appropriate permit to practice.)

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Active License Status [37]  
                          8. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

**Section 5058**

**USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required:           1. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 2)

**Section 5058.1 TITLES IN CONJUNCTION WITH  
CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Probation Monitoring Costs [27]  
3. Restricted Practice [28]  
4. Ethics Continuing Education [31]  
5. Regulatory Review Course [32]  
6. Continuing Education Courses [36]  
7. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5058.2 INACTIVE DESIGNATION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]  
2. Continuing Education Courses [36]  
3. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5058.3 RETIRED DESIGNATION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]  
2. Continuing Education Courses [36]  
3. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## ARTICLE 3.5

### Section 5060 NAME OF FIRM

Minimum Penalty – Continuing Education Courses [36] for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation stayed with actual suspension [1-4]

#### CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 5072)

### Section 5061 COMMISSIONS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [25]
3. Restitution [26]
4. Probation Monitoring [27]
5. Restricted Practice [28]
6. Engagement Letters [29]
7. Ethics Continuing Education [31]
8. Regulatory Review Course [32]
9. Continuing Education Courses [36]
10. Community Service – Free Services [40]
11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
  3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Restitution [26]
  4. Probation Monitoring Costs [27]
  5. Restricted Practice [28]
  6. Engagement Letters [29]
  7. Ethics Continuing Education [31]
  8. Regulatory Review Course [32]
  9. Peer Review [33]
  10. CPA Exam [34]
  11. Samples – Audits, Review or Compilation [38]
  12. Community Service – Free Services [40]
  13. Notice to Clients [42]
  14. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 5100(j))

**Section 5062.2 RESTRICTIONS ON ACCEPTING EMPLOYMENT WITH AN AUDIT CLIENT**

Minimum Penalty – Revocation stayed, 30 day suspension, 3 years probation [1-4]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
  2. Suspension [3]
  3. Standard Conditions of Probation [15-24]
- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Community Service – Free Services [40]
  5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5063      REPORTABLE EVENTS**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

Required:      1. If revocation stayed [4], 3 years probation  
                    2. Standard Conditions of Probation [15-24]

If warranted:    1. Suspension [3] with/without stay [4]  
                    2. Supervised Practice [25]  
                    3. Probation Monitoring Costs [27]  
                    4. Restricted Practice [28]  
                    5. Ethics Continuing Education [31]  
                    6. Regulatory Review Course [32]  
                    7. Continuing Education Courses [36]  
                    8. Samples – Audit, Review or Compilation [38]  
                    9. Prohibition from Handling Funds [39]  
                   10. Community Service – Free Services [40]  
                   11. Administrative Penalty not to exceed maximum set forth in  
                       section 5116 [43]  
                   12. Conditions as appropriate relating to physical or mental disability or  
                       condition [44-49]

(Reference Sections 59, 60, 61)

**Section 5063.3      CONFIDENTIAL INFORMATION DISCLOSURE**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:      1. If revocation stayed [4], 3 years probation  
                    2. Standard Conditions of Probation [15-24]

If warranted:    1. Suspension [3] with/without stay [4]  
                    2. Supervised Practice [25]  
                    3. Probation Monitoring Costs [27]  
                    4. Restricted Practice [28]  
                    5. Ethics Continuing Education [31]  
                    6. Regulatory Review Course [32]  
                    7. Continuing Education Courses [36]  
                    8. Samples – Audit, Review or Compilation [38]  
                    9. Probation from Handling Funds [39]  
                   10. Community Service – Free Services [40]  
                   11. Notice to Clients [42]  
                   12. Administrative Penalty not to exceed maximum set forth in  
                       section 5116 [43]

## **ARTICLE 4**

### **Section 5070.1(b) PRACTICE WITH A RETIRED LICENSE STATUS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Active License Status [37]  
                          8. Administrative Penalty not to exceed maximum set forth in section 5116  
                              [43]

### **Section 5071.2(b) PRACTICE WITH A MILITARY LICENSE STATUS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Active License Status [37]  
                          8. Administrative Penalty not to exceed maximum set forth in section 5116  
                              [43]

**Section 5072(a) REQUIREMENTS FOR REGISTRATION AS A PARTNERSHIP**

Applies to licensee(s) in a partnership who practices for a time without partnership license (section 5073) and subsequently renews, or to a partnership in practice without a license.

Minimum Penalty – Continuing Education Courses for Licensee Partners [36]

Maximum Penalty – Revocation of partnership/individual licenses [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Probation Monitoring Costs [27]
  3. Restricted Practice [28]
  4. Ethics Continuing Education [31]
  5. Regulatory Review Course [32]
  6. Continuing Education Courses [36]
  7. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(See section on **Unlicensed Activities.**)

**Section 5073(d) PARTNERSHIP APPLICATIONS  
(ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty – Continuing Education Courses for Licensee Partners [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]



**Section 5076(a) PEER REVIEW**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Supervised Practice [25]  
3. Probation Monitoring Costs [27]  
4. Restricted Practice [28]  
5. Ethics Continuing Education [31]  
6. Regulatory Review Course [32]  
7. Peer Review [33]  
8. Continuing Education Courses [36]  
9. Sample – Audit, Review or Compilation [38]  
10. Notification to Clients/Cessation of Practice [42]  
11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Sections 40, 32, 43)

**Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Supervised Practice [25]  
3. Probation Monitoring Costs [27]  
4. Restricted Practice [28]  
5. Ethics Continuing Education [31]  
6. Regulatory Review Course [32]  
7. Peer Review [33]  
8. Continuing Education Courses [36]  
9. Sample – Audit, Review or Compilation [38]  
10. Notification to Clients/Cessation of Practice [42]  
11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 46)

**Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION**

Minimum Penalty – Continuing Education Courses for Licensee Owners [36] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [20]

Maximum Penalty – Revocation [1, 2]

**CONDITIONS OF PROBATION:**

Required: 1. If revocation stayed [4], 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Supervised Practice [25]  
3. Probation Monitoring Costs [27]  
4. Restricted Practice [28]  
5. Ethics Continuing Education [31]  
6. Regulatory Review Course [32]  
7. Continuing Education Courses [36]  
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS**

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses [1, 2]

**CONDITIONS OF PROBATION:**

Required: 1. If revocation stayed, 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Probation Monitoring Costs [27]  
3. Restricted Practice [28]  
4. Ethics Continuing Education [31]  
5. Regulatory Review Course [32]  
6. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 51.1)

## ARTICLE 5

### **Section 5081(a) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION (ACTS DENYING ADMISSION TO EXAM)**

Minimum Penalty – Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of Section 5100 for applicable provisions

Maximum Penalty – Denial of admission to examination or revocation of license if issued (Reference relevant section for discipline based upon nature of act.)

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

### **Section 5081(b)(c) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION**

Minimum/Maximum Penalty – Denial of admission to examination, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

### **Section 5088 INTERIM PRACTICE RIGHTS: OUT OF STATE CPA**

Minimum/Maximum Penalty – If Board rejects application, cease practice immediately. If practice continues, see provisions on **Unlicensed Activities** and **Practice Privilege**.

**Section 5095(a) MINIMUM NUMBER OF ATTEST SERVICES HOURS;  
ATTEST EXPERIENCE**

Minimum Penalty – Revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty – Revocation [1, 2]

**CONDITIONS OF PROBATION:**

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. CPA Exam [34]  
                          7. Continuing Education Courses [36]  
                          8. Active License Status [36]  
                          9. Notification to Clients/Cessation of Practice [42]  
                          10. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

## **ARTICLE 5.1: Practice Privilege**

### **Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM**

Minimum Penalty – Revocation stayed [1, 2, 4] 3 years probation

Maximum Penalty – Revoke Practice Privilege [1, 2]

#### **CONDITIONS OF PROBATION:**

Required:       1. If revocation stayed [4], probation 3 to 5 years  
                  2. Standard Conditions of Probation [15-21, 23, 24]

If warranted:   1. Suspension [3]  
                  2. Probation Monitoring Costs [27]  
                  3. Ethics Continuing Education [31]  
                  4. Regulatory Review Course [32]  
                  5. Administrative Penalty not to exceed maximum set forth in  
                  section 5116 [43]

### **Section 5096(e)(2) COMPLY WITH RULES, LAWS, AND STANDARDS**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

#### **CONDITIONS OF PROBATION:**

Required:       1. If revocation stayed [4], probation 3 to 5 years  
                  2. Suspension [3] (Section 5096(g)).  
                  3. Standard Conditions of Probation [15-21, 23, 24]

If warranted:   1. Probation Monitoring Costs [27]  
                  2. Ethics Continuing Education [31]  
                  3. Regulatory Review Course [30]  
                  4. Administrative Penalty not to exceed maximum set forth in  
                  section 5116 [43]

### **Section 5096(e)(3) PRACTICE FROM AN UNAUTHORIZED OFFICE IN THIS STATE**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

#### **CONDITIONS OF PROBATION:**

Required:       1. If revocation stayed [4], probation 3 to 5 years  
                  2. Suspension [3] (Section 5096(g)).  
                  3. Standard Conditions of Probation [15-21, 23, 24]

If warranted:   1. Probation Monitoring Costs [27]  
                  2. Ethics Continuing Education [31]  
                  3. Regulatory Review Course [32]  
                  4. Administrative Penalty not to exceed maximum set forth in  
                  section 5116-[43]

### **Section 5096(e)(5) COOPERATE WITH BOARD**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

#### **CONDITIONS OF PROBATION:**

- Required:
1. If revocation stayed [4], probation 3 to 5 years
  2. Suspension [3] (Section 5096(g)).
  3. Standard Conditions of Probation [15-21, 23, 24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

### **Section 5096(e)(6), (7), (8), & (9) FAILURE TO CEASE EXERCISING THE PRACTICE PRIVILEGE**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

#### **CONDITIONS OF PROBATION:**

- Required:
1. If revocation stayed [4], probation 3 to 5 years
  2. Suspension [3] (Section 5096(g)).
  3. Standard Conditions of Probation [15-21, 23, 24]

- If warranted:
1. Ethics Continuing Education [31]
  2. Regulatory Review Course [32]
  3. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).**

## **Section 5096(e)(10) FAILURE TO REPORT PENDING CRIMINAL CHARGES**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

### **CONDITIONS OF PROBATION:**

Required:

1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [15-21, 23, 24]

If warranted:

1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [23]
4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **Section 5096(f) FAILURE TO NOTIFY THE BOARD/CEASE PRACTICE**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

### **CONDITIONS OF PROBATION:**

Required:

1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [15-21, 23, 24]

If warranted:

1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [32]
4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).**

## **Section 5096(i) FAILURE TO FILE PRE-NOTIFICATION FORM**

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

### **CONDITIONS OF PROBATION:**

- Required:
1. If revocation stayed [4], probation 3 to 5 years
  2. Suspension [3] (Section 5096(g)).
  3. Standard Conditions of Probation [15-21, 23, 24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.**

## **Section 5096.5 UNAUTHORIZED SIGNING OF ATTEST REPORTS**

Minimum Penalty – Revocation stayed [1, 2, 4] 3 years probation

Maximum Penalty – Revoke Practice Privilege [1, 2]

### **CONDITIONS OF PROBATION:**

- Required:
1. If revocation stayed [4], probation 3 to 5 years
  2. Suspension [3] (Section 5096(g)).
  3. Standard Conditions of Probation [15-21, 23, 24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]



## **Section 5096.12 FIRM PRACTICING WITHOUT A PRACTICE PRIVILEGE HOLDER**

Minimum Penalty – Revocation stayed [1, 2, 4] 3 years probation

Maximum Penalty – Revoke Practice Privilege [1, 2]

### **CONDITIONS OF PROBATION:**

Required:

1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [15-21, 23, 24]

If warranted:

1. Probation Monitoring Costs [27]
2. Suspension [3] (Section 5096(g)).
3. Ethics Continuing Education [31]
4. Regulatory Review Course [32]
5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## ARTICLE 5.5

### Section 5097      AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:      1. If revocation stayed [4], 3 years probation  
                    2. Standard Conditions of Probation [15-24]

If warranted:      1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Library Reference Material [30]  
                          6. Ethics Continuing Education [31]  
                          7. Regulatory Review Course  
                          8. Peer Review [33]  
                          9. CPA Exam [34]  
                          10. Continuing Education Courses [36]  
                          11. Samples - Audits, Review or Compilation [38]  
                          12. Community Service – Free Services [40]  
                          13. Notice to Clients [42]  
                          14. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Sections 68.2, 68.3, 68.4, 68.5)

## ARTICLE 6

### **Section 5100 DISCIPLINE IN GENERAL (including but not limited to that set forth in subsections (a) through (l) of this section)**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:       1. If revocation stayed [4], probation of 3 to 5 years  
                      2. Standard Conditions of Probation [15-24]

If warranted:    1. Suspension [3] with/without stay [4]  
                      2. Probation Monitoring Costs [27]  
                      3. Optional conditions which relate to underlying facts and circumstances;  
                          reference conditions listed in 5100 (a)-(j)  
                      4. Administrative Penalty not to exceed maximum set forth in  
                          section 5116 [43]

### **Section 5100(a) CONVICTION OF ANY CRIME SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTIONS AND DUTIES OF A CPA/PA**

#### **FOR FELONY CONVICTIONS OR MULTIPLE MISDEMEANOR CONVICTIONS:**

Minimum Penalty – Revocation stayed. Actual suspension from practice 120 days. Three years probation [1-4]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:       1. If revocation stayed [4], probation of 3 to 5 years  
                      2. Suspension [3]  
                      3. Standard Conditions of Probation [15-24]

If warranted:    1. Supervised Practice [25]  
                      2. Restitution [26]  
                      3. Probation Monitoring Costs [27]  
                      4. Restricted Practice [28]  
                      5. Engagement Letters [29]  
                      6. Ethics Continuing Education [31]  
                      7. Regulatory Review Course [32]  
                      8. CPA Exam [23] or Enrolled Agents Exam [35]  
                      9. Continuing Education Courses [36]  
                      10. Samples - Audit, Compilation or Review [38]  
                      11. Prohibition from Handling Funds [39]  
                      12. Community Service – Free Services [40]  
                      13. Administrative Penalty not to exceed maximum set forth in  
                          section 5116 [43]  
                      14. Conditions as appropriate relating to physical or mental disability or  
                          condition [44-49]

**IN THE CASE OF A SINGLE MISDEMEANOR VIOLATION, TAILOR PROBATION TO CIRCUMSTANCES; ADJUSTING THE REQUIRED CONDITIONS ACCORDINGLY AND CHOOSING APPROPRIATE WARRANTED CONDITIONS FROM THE ABOVE LIST.**

**Section 5100(b) FRAUD OR DECEIT IN OBTAINING LICENSE/PERMIT/REGISTRATION**

Minimum Penalty – Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty – Revocation or application denied. [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
  2. Suspension [3]
  3. Standard Conditions of Probation [15-24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Continuing Education Courses [36]
  5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5100(c) DISHONESTY, FRAUD, GROSS NEGLIGENCE, OR REPEATED ACTS OF NEGLIGENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY OR THE PERFORMANCE OF BOOKKEEPING**

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years probation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Supervised Practice [25]
  2. Restitution [26]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Ethics Continuing Education [31]
  6. Regulatory Review Course [32]
  7. Peer Review [33]
  8. CPA Exam [34]
  9. Continuing Education Courses [36]
  10. Samples - Audit, Review or Compilation [38]
  11. Prohibition from Handling Funds [39]
  12. Community Service – Free Services [40]
  13. Notification to Clients [42]
  14. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
  15. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(d) CANCELLATION, REVOCATION OR SUSPENSION  
BY ANY OTHER STATE OR FOREIGN COUNTRY**

Minimum Penalty – Revocation stayed [1, 2, 4], probation 3 years

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
  2. Standard Conditions of Probation [15-24]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [25]
3. Restitution [26]
4. Probation Monitoring Costs [27]
5. Restricted Practice [28]
6. Ethics Continuing Education [31]
7. Regulatory Review Course [32]
8. CPA Exam [34] or Enrolled Agents Exam [35]
9. Continuing Education Courses [36]
10. Samples - Audit, Review or Compilation [38]
11. Prohibition from Handling Funds [39]
12. Community Service – Free Services [40]
13. Notice to Clients [42]
14. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
  3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Library Reference Material [30]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Peer Review [33]
  9. CPA Exam [34]
  10. Samples - Audits, Review or Compilation [38]
  11. Community Service – Free Services [40]
  12. Notice to Clients [42]
  13. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5100(f) VIOLATIONS OF PROVISIONS OF SECTION 5120**

Section 5120 states "Any person who violates any of the provisions of Article 3 (commencing with section 5050) is guilty of a misdemeanor, punishable by imprisonment for not more than six months, or by a fine of not more than one thousand dollars, or both." Whenever the Board has reason to believe that any person is liable for punishment under this article, the Board, or its designated representatives, may certify the facts to the appropriate enforcement officer of the city or county where the alleged violation had taken place and the officer may cause appropriate proceedings to be brought.

Violations of Article 3 include:

5050 and 5051	PRACTICE WITHOUT PERMIT/" PUBLIC ACCOUNTANCY" DEFINED
5055 and 5056	TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ PUBLIC ACCOUNTANT
5058	USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum/Maximum Penalty – See specific statute/regulation violated for recommended penalty

**Section 5100(g) WILLFUL VIOLATION OF THE ACCOUNTANCY ACT, OR A RULE OR REGULATION PROMULGATED BY THE BOARD**

Minimum/Maximum Penalty – See specific statute or regulation violated for recommended penalty

**Section 5100(h) SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE ANY GOVERNMENTAL BODY OR AGENCY**

Minimum Penalty – Revocation stayed [1, 2, 4] 3 years probation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [26]
3. Restitution [26]
4. Probation Monitoring Costs [27]
5. Restricted Practice [28]
6. Ethics Continuing Education [31]
7. Regulatory Review Course [32]
8. CPA Exam [34] or Enrolled Agents Exam [35]
9. Continuing Education Courses [36]
10. Samples - Audit, Review or Compilation [38]
11. Prohibition from Handling Funds [39]
12. Community Service – Free Services [40]
13. Notice to Clients [42]
14. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
15. Conditions as appropriate relating to physical or mental disability or condition [44-49]



**Section 5100(i) FISCAL DISHONESTY OR BREACH OF FIDUCIARY RESPONSIBILITY OF ANY KIND**

Minimum Penalty – Revocation stayed, 30 day suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
  2. Suspension [3]
  3. Standard Conditions of Probation [15-24]

- If warranted:
1. Supervised Practice [25]
  2. Restitution [26]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Ethics Continuing Education [31]
  6. Regulatory Review Course [32]
  7. CPA Exam [34] or Enrolled Agents Exam [35]
  8. Continuing Education Courses [36]
  9. Prohibition from Handling Funds [39]
  10. Community Service – Free Services [40]
  11. Notice to Clients [42]
  12. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
  13. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(j) KNOWING PREPARATION, PUBLICATION OR DISSEMINATION OF FALSE, FRAUDULENT, OR MATERIALLY MISLEADING FINANCIAL STATEMENTS, REPORTS, OR INFORMATION**

Minimum Penalty – Revocation stayed, 60 days suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 to 5 years probation
  2. Suspension [3]
  3. Standard Conditions of Probation [15-24]

- If warranted:
1. Supervised Practice [25]
  2. Restitution [26]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Engagement Letters [29]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. CPA Exam [23] or Enrolled Agents Exam [35]
  9. Continuing Education Courses [36]
  10. Samples - Audit, Review or Compilation [38]
  11. Community Service – Free Services [40]
  12. Notice to Clients [42]
  13. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
  14. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(k) EMBEZZLEMENT, THEFT, MISAPPROPRIATION OF FUNDS OR PROPERTY, OR OBTAINING MONEY, PROPERTY OR OTHER VALUABLE CONSIDERATION BY FRAUDULENT MEANS OR FALSE PRETENSES**

Minimum Penalty – Revocation stayed, 90 day suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

**CONDITIONS OF PROBATION:**

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
  2. Suspension [3]
  3. Standard Conditions of Probation [15-24]

- If warranted:
1. Supervised Practice [25]
  2. Restitution [26]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Ethics Continuing Education [31]
  6. Regulatory Review Course [32]
  7. CPA Exam [34] or Enrolled Agents Exam [35]
  8. Continuing Education Courses [36]
  9. Prohibition from Handling Funds [39]
  10. Notice to Clients [42]
  11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
  12. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(l) DISCIPLINE, PENALTY, OR SANCTION BY THE  
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD  
OR SECURITIES AND EXCHANGE COMMISSION**

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years probation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [25]
3. Restitution [26]
4. Probation Monitoring Costs [27]
5. Restricted Practice [28]
6. Ethics Continuing Education [31]
7. Regulatory Review Course [32]
8. CPA Exam [34] or Enrolled Agents Exam [35]
9. Continuing Education Courses [36]
10. Samples - Audit, Review or Compilation [38]
11. Prohibition from Handling Funds [39]
12. Community Service – Free Services [40]
13. Notice to Clients [42]
14. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
15. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF  
PUBLIC ACCOUNTANCY IN ANOTHER STATE**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5101        DISCIPLINE OF PARTNERSHIP**

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years probation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:        1. Standard Conditions of Probation [15-24]

If warranted:    1. Suspension [3] with/without stay [4]  
                         2. Supervised Practice [25]  
                         3. Restitution [26]  
                         4. Probation Monitoring Costs [27]  
                         5. Restricted Practice [28]  
                         6. Engagement Letters [29]  
                         7. Administrative Penalty not to exceed maximum set forth in  
                         section 5116 [43]

**Section 5104        RELINQUISHMENT OF CERTIFICATE OR PERMIT (revocation or suspension)**

Minimum/Maximum Penalty – Revocation [1, 2]

**Section 5105        RELINQUISHMENT OF CERTIFICATE OR PERMIT (delinquent)**

Minimum/Maximum Penalty – Revocation [1, 2]

**Section 5110(a)    ACTS CONSTITUTING CAUSE FOR BOARD’S DENIAL OF EXAM APPLICATION OR ADMISSION, VOIDANCE OF GRADES, OR DENIAL OF LICENSE APPLICATION OR REGISTRATION**

Minimum/Maximum Penalty – Denial of admission to examination, denial of licensure application, or revocation of license if issued.

If warranted:    1. Administrative Penalty not to exceed maximum set forth in Section 5116 [43]

## **ARTICLE 7**

### **Sections 5120/5121 VIOLATIONS AS MISDEMEANOR/EVIDENCE OF VIOLATION**

See Section 5100(f) and section on **Unlicensed Activities**.

## ARTICLE 9

### **Section 5152 CORPORATION REPORTS**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

### **Section 5152.1 ACCOUNTANCY CORPORATION RENEWAL OF PERMIT TO PRACTICE**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

See sections 5050 and 5060(b)

### **Section 5154 DIRECTORS, SHAREHOLDERS, AND OFFICERS MUST BE LICENSED**

Minimum Penalty – Continuing Education Courses for licensee directors, shareholders, and/or officers of corporation [36]

Maximum Penalty – Revocation of corporate registration [1, 2] and discipline of individual licenses

#### CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Ethics Continuing Education [31]
4. Regulatory Review Course [32]
5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**Section 5155            DISQUALIFIED SHAREHOLDER NONPARTICIPATION**

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years probation

Maximum Penalty – Revocation of individual and corporate license [1, 2]

CONDITIONS OF PROBATION:

Required:            1. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Ethics Continuing Education [31]  
                          4. Regulatory Review Course [32]  
                          5. Administrative Penalty not to exceed maximum set forth in  
                          section 5116 [43]

**Section 5156            UNPROFESSIONAL CONDUCT  
                                  (ACCOUNTANCY CORPORATION)**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders,  
                                  and/or officers of corporation

Maximum Penalty – Revocation of individual and corporate licenses [1, 2]

CONDITIONS OF PROBATION:

Required:            1. If Revocation stayed [4], 3-5 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Ethics Continuing Education [31] for licensee directors, shareholders  
                          and/or officers  
                          4. Regulatory Review Course [32] for licensee directors, shareholders and/or  
                          officers  
                          5. Community Service – Free Services [40]  
                          6. Administrative Penalty not to exceed maximum set forth  
                          in section 5116 [43]

**Note:** An accountancy corporation is bound by the same regulations as individual respondents. See specific statute or regulation violated for recommended penalty.



**Section 5158 PRACTICE OF PUBLIC ACCOUNTANCY; MANAGEMENT  
(ACCOUNTANCY CORPORATION)**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, stakeholders, and/or officers of corporation. Require CPA or PA to develop management plan; permit practice investigation within 3 months to ensure compliance with management requirement and plan [20, 33]

Maximum Penalty – Revocation [1, 2]

**CONDITIONS OF PROBATION:**

Required:           1. If Revocation stayed [4], 3-5 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:

1. Supervised Practice [25]
2. Restitution [26]
3. Probation Monitoring Cost [27]
4. Restricted Practice [28]
5. Engagement Letters [29]
6. Ethics Continuing Education [31]
7. Regulatory Review Course [32]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]
9. Conditions as appropriate relating to physical or mental disability or condition [44-49]



# CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

## TITLE 16 CALIFORNIA CODE OF REGULATIONS

### ARTICLE 1: GENERAL

#### SECTION 3 NOTIFICATION OF CHANGE OF ADDRESS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – 90 day Suspension [3]

#### SECTION 5 OBSERVANCE OF RULES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:

1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [32]
4. Continuing Education Courses [36]
5. Samples - Audit, Review or Compilation [38]
6. Community Service – Free Services [40]
7. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Note: Reference the specific regulation for appropriate discipline.

## **ARTICLE 2: EXAMINATIONS**

### **SECTION 8.2      REQUIREMENTS FOR ISSUANCE OF THE AUTHORIZATION TO TEST**

Minimum Penalty – Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of section 5100 for applicable provisions

Maximum Penalty – Denial of admission to examination or revocation of license if issued; Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **ARTICLE 3: PRACTICE PRIVILEGES**

### **SECTION 20          NOTIFICATION OF CHANGE OF INFORMATION FOR REGISTERED OUT-OF-STATE ACCOUNTING FIRMS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – 90 day Suspension [3]

#### CONDITIONS OF PROBATION:

- Required:
1. If suspension stayed [4], probation 3 to 5 years
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## ARTICLE 5: REGISTRATION

### SECTION 37.5 FINGERPRINTING

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Administrative Penalty not to exceed maximum set forth in Section 5116  
                          [43]

## **ARTICLE 6: PEER REVIEW**

### **SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Peer Review [33]  
                          8. Continuing Education Courses [36]  
                          9. Sample – Audit, Review or Compilation [38]  
                          10. Notification to Clients/Cessation of Practice [42]  
                          11. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5076(a))

### **SECTION 41      FIRM RESPONSIBILITIES**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5076(a))

## **SECTION 43      EXTENSIONS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Administrative Penalty not to exceed maximum set forth  
                              in section 5116 [43]

## **SECTION 44      NOTIFICATION OF EXPULSION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Continuing Education Courses [36]  
                          8. Sample – Audit, Review or Compilation [38]  
                          9. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]  
                          10. Conditions as appropriate relating to physical or mental disability or  
                              condition [44-49]



## **SECTION 45            REPORTING TO BOARD**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5076(a))

## **SECTION 46(a)    DOCUMENT SUBMISSION REQUIREMENTS**

Applies to firms that receive a substandard peer review rating.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5076(f))

**SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS**

Applies to firms that receive a “pass” or “pass with deficiencies” peer review rating.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## ARTICLE 9: RULES OF PROFESSIONAL CONDUCT

### SECTION 50 CLIENT NOTIFICATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

#### CONDITIONS OF PROBATION

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Probation Monitoring Costs [27]  
3. Ethics Continuing Education [31]  
4. Regulatory Review Course [32]  
5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

### Section 50.1 ATTEST CLIENT NOTIFICATION

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses

#### CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Probation Monitoring Costs [27]  
3. Ethics Continuing Education [31]  
4. Regulatory Review Course [32]  
5. Administrative Penalty not to maximum set forth in section 5116 [43]

### SECTION 51 FIRMS WITH NONLICENSEE OWNERS

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

#### CONDITIONS OF PROBATION

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Probation Monitoring Costs [27]  
3. Restricted Practice [28]  
4. Ethics Continuing Education [31]  
5. Regulatory Review Course [32]  
6. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **SECTION 51.1 NOTIFICATION OF NON-LICENSEE OWNERSHIP**

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses

### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Ethics Continuing Education [31]  
                          4. Regulatory Review Course [32]  
                          5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 5079)

## **SECTION 52 RESPONSE TO BOARD INQUIRY**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Community Service – Free Services [40]  
                          6. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **SECTION 53 DISCRIMINATION PROHIBITED**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

### CONDITIONS OF PROBATION:

Required:           1. Standard Conditions of Probation [15-24]

If warranted:       1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Continuing Education Courses [36]  
                          5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **SECTION 54.1 DISCLOSURE OF CONFIDENTIAL INFORMATION PROHIBITED**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Notice to Clients [42]  
                          8. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5037)

## **SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed, [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Supervised Practice [25]  
                          2. Probation Monitoring Costs [27]  
                          3. Ethics Continuing Education [31]  
                          4. Regulatory Review Course [32]  
                          5. Continuing Education Courses [36]  
                          6. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

**SECTION 56            COMMISSIONS – BASIC DISCLOSURE REQUIREMENT**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Restitution [26]
  4. Probation Monitoring Costs [27]
  5. Restricted Practice [28]
  6. Engagement Letters [29]
  7. Ethics Continuing Education [31]
  8. Regulatory Review Course [32]
  9. Continuing Education Courses [36]
  10. Community Service – Free Services [40]
  11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 56.1            COMMISSIONS –  
PROFESSIONAL SERVICES PROVIDED TO CLIENT**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Restitution [26]
  4. Probation Monitoring Costs [27]
  5. Restricted Practice [28]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Continuing Education Courses [36]
  9. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 57            INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Engagement Letters [29]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Continuing Education Courses [36]
  9. Prohibition from Handling Funds [39]
  10. Community Service – Free Services [40]
  11. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 58            COMPLIANCE WITH STANDARDS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Engagement Letters [29]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Peer Review [33]
  9. CPA Exam [34]
  10. Continuing Education Courses [36]
  11. Samples - Audit, Review or Compilation [38]
  12. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **SECTION 59            REPORTING OF RESTATEMENTS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Continuing Education Courses [36]  
                          8. Community Service – Free Services [40]  
                          9. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5063)

## **SECTION 60            REPORTING OF INVESTIGATIONS BY THE                               PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Continuing Education Courses [36]  
                          8. Community Service – Free Services [40]  
                          9. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5063)



**SECTION 61            THE REPORTING OF  
SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Engagement Letters [29]  
                          6. Ethics Continuing Education [31]  
                          7. Regulatory Review Course [32]  
                          8. Continuing Education Courses [36]  
                          9. Community Service – Free Services [40]  
                          10. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5063)

**SECTION 62            CONTINGENT FEES**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [1, 2, 4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Restitution [26]  
                          4. Probation Monitoring Costs [27]  
                          5. Restricted Practice [28]  
                          6. Engagement Letters [29]  
                          7. Ethics Continuing Education [31]  
                          8. Regulatory Review Course [32]  
                          9. Continuing Education Courses [36]  
                          10. Community Service – Free Services [40]  
                          11. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

## **SECTION 63            ADVERTISING**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Ethics Continuing Education [31]  
                          4. Regulatory Review Course [32]  
                          5. Community Service – Free Services [40]  
                          6. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

## **SECTION 65            INDEPENDENCE**

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years of probation

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], probation of 3 to 5 years  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Restitution [26]  
                          4. Probation Monitoring Costs [27]  
                          5. Restricted Practice [28]  
                          6. Engagement Letters [29]  
                          7. Ethics Continuing Education [31]  
                          8. Regulatory Review Course [32]  
                          9. Peer Review [33]  
                          10. CPA Exam [34]  
                          11. Samples - Audit, Review or Compilation [38]  
                          12. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

**SECTION 67            APPROVAL OF USE OF FICTITIOUS NAME**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 90 day suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

Required:            1. Standard Conditions of Probation [15-24]

If warranted:        1. Probation Monitoring Costs [27]  
                          2. Ethics Continuing Education [31]  
                          3. Regulatory Review Course [32]  
                          4. Community Service – Free Services [40]  
                          5. Administrative Penalty not to exceed maximum set forth in  
                          section 5116 [43]

**SECTION 68            RETENTION OF CLIENT'S RECORDS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [1, 2, 4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Restitution [26]  
                          4. Probation Monitoring Costs [27]  
                          5. Restricted Practice [28]  
                          6. Engagement Letters [29]  
                          7. Ethics Continuing Education [31]  
                          8. Regulatory Review Course [32]  
                          9. Continuing Education Courses [36]  
                          10. Community Service – Free Services [40]  
                          11. Administrative Penalty not to exceed maximum set forth in  
                          section 5116 [43]  
                          12. Conditions as appropriate relating to physical or mental disability or  
                          condition [44-49]

(Reference Section 5037)

## **SECTION 68.1      WORKING PAPERS DEFINED; RETENTION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Restitution [26]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Engagement Letters [29]  
                          6. Ethics Continuing Education [31]  
                          7. Regulatory Review Course [32]  
                          8. Continuing Education Courses [36]  
                          9. Community Service – Free Services [40]  
                          10. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]  
                          11. Conditions as appropriate relating to physical or mental disability or  
                              condition [44-49]

## **SECTION 68.2      COMPONENTS OF AUDIT DOCUMENTATION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

Required:            1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]  
                          3. Continuing Education Courses [36]

If warranted:        1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Peer Review [33]  
                          8. CPA Exam [24]  
                          9. Samples - Audits, Review or Compilation [38]  
                          10. Community Service – Free Services [40]  
                          11. Notice to Clients [42]  
                          12. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

(Reference Section 5097)

## **SECTION 68.3      RETENTION PERIOD FOR AUDIT DOCUMENTATION**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
  3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Library Reference Material [30]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Peer Review [33]
  9. CPA Exam [34]
  10. Samples - Audits, Review or Compilation [38]
  11. Community Service – Free Services [40]
  12. Notice to Clients [42]
  13. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 5097)

**SECTION 68.4      CHANGES IN AUDIT DOCUMENTATION AFTER  
ISSUANCE OF REPORT**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
  3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Library Reference Material [30]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Peer Review [33]
  9. CPA Exam [34]
  10. Samples - Audits, Review or Compilation [38]
  11. Community Service – Free Services [40]
  12. Notice to Clients [42]
  13. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 5097)

**SECTION 68.5      AUDIT DOCUMENTATION  
RETENTION AND DESTRUCTION POLICY**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]
  3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Library Reference Material [30]
  6. Ethics Continuing Education [31]
  7. Regulatory Review Course [32]
  8. Peer Review [33]
  9. CPA Exam [34]
  10. Samples - Audits, Review or Compilation [38]
  11. Community Service – Free Services [40]
  12. Notice to Clients [42]
  13. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

(Reference Section 5097)

**SECTION 69      CERTIFICATION OF APPLICANT'S EXPERIENCE**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Ethics Continuing Education [31]
  5. Regulatory Review Course [32]
  6. Community Service – Free Services [40]
  7. Administrative Penalty not to exceed maximum set forth in section 5116 [46]

## **ARTICLE 11: ACCOUNTANCY CORPORATION RULES**

### **SECTION 75.8 SECURITY FOR CLAIMS AGAINST AN ACCOUNTANCY CORPORATION**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], probation of 3 to 5 years  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Supervised Practice [25]  
                          2. Restitution [26]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Continuing Education Courses [36]  
                          8. Samples - Audit, Review or Compilation [38]  
                          9. Prohibition from Handling Funds [39]  
                          10. Community Service – Free Services [40]  
                          11. Notification to Clients [42]  
                          12. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

### **SECTION 75.9 SHARES: OWNERSHIP AND TRANSFER**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation of corporate registration [1,2] and discipline of individual licenses

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Administrative Penalty not to exceed maximum set forth in section 5116 [43]



**SECTION 75.11(b) CERTIFICATION OF REGISTRATION; CONTINUING VALIDITY;  
NOTIFICATION OF NAME AND ADDRESS CHANGES**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licensees for 90 days [3]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Restricted Practice [28]
3. Ethics Continuing Education [31]
4. Regulatory Review Course [32]
5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## ARTICLE 12: CONTINUING EDUCATION RULES

### Section 80 INACTIVE LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION:

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Probation Monitoring Costs [27]  
                          3. Restricted Practice [28]  
                          4. Ethics Continuing Education [31]  
                          5. Regulatory Review Course [32]  
                          6. Continuing Education Courses [36]  
                          7. Active License Status [37]  
                          8. Administrative Penalty not to exceed maximum set forth in

section 5116 [43]

### SECTION 81(a) CONTINUING EDUCATION REQUIREMENTS FOR RENEWING AN EXPIRED LICENSE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

#### CONDITIONS OF PROBATION

Required:           1. If revocation stayed [4], 3 years probation  
                          2. Standard Conditions of Probation [15-24]

If warranted:       1. Suspension [3] with/without stay [4]  
                          2. Supervised Practice [25]  
                          3. Probation Monitoring Costs [27]  
                          4. Restricted Practice [28]  
                          5. Ethics Continuing Education [31]  
                          6. Regulatory Review Course [32]  
                          7. Continuing Education Courses [36]  
                          8. Samples – Audit, Review or Compilation [38]  
                          9. Administrative Penalty not to exceed maximum set forth in  
                              section 5116 [43]

**SECTION 87            BASIC REQUIREMENTS (Continuing Education)**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [15-24]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [25]
  3. Probation Monitoring Costs [27]
  4. Restricted Practice [28]
  5. Ethics Continuing Education [31]
  6. Regulatory Review Course [32]
  7. Continuing Education Courses [36]
  8. Samples – Audit, Review or Compilation [38]
  9. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 87.5            ADDITIONAL CONTINUING EDUCATION REQUIREMENTS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [15-24]

- If warranted:
1. Probation Monitoring Costs [27]
  2. Ethics Continuing Education [31]
  3. Regulatory Review Course [32]
  4. Continuing Education Courses [36]
  5. Active License Status [37]
  6. Samples - Audit, Review or Compilation [38]
  7. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 87.6 RECORDS REVIEW  
CONTINUING EDUCATION REQUIREMENTS**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]  
2. Ethics Continuing Education [31]  
3. Regulatory Review Course [32]  
4. Continuing Education Courses [36]  
5. Samples - Audit, Review or Compilation [38]  
6. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 87.8 REGULATORY REVIEW COURSE**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]  
2. Ethics Continuing Education [31]  
3. Continuing Education Courses [36]  
4. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

**SECTION 89 CONTROL AND REPORTING**

Minimum Penalty – Continuing Education Courses [36]  
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]  
2. Ethics Continuing Education [31]  
3. Regulatory Review Course [32]  
4. Continuing Education Courses [36]  
5. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **SECTION 89.1 REPORTS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

### CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]  
2. Ethics Continuing Education [31]  
3. Regulatory Review Course [32]  
4. Continuing Education Courses [36]  
5. Samples - Audit, Review or Compilation [38]  
6. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **SECTION 90 EXCEPTIONS AND EXTENSIONS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

### CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4] 3 years probation  
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]  
2. Supervised Practice [25]  
3. Probation Monitoring Costs [27]  
4. Restricted Practice [28]  
5. Ethics Continuing Education [31]  
6. Regulatory Review Course [32]  
7. Continuing Education Courses [36]  
8. Samples – Audit, Review or Compilation [38]  
9. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **ARTICLE 12.5: CITATIONS AND FINES**

### **SECTION 95.4 FAILURE TO COMPLY WITH CITATION**

Minimum Penalty – Compliance with Citation Abatement Order and/or Fine as issued

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

#### CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [15-24]
  2. Restitution [26]
  3. Compliance with Citation Abatement Order and/or Fine
- If warranted:
1. Probation Monitoring Costs [27]
  2. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

## **VIOLATION OF PROBATION**

Minimum penalty - Citation and Fine (19)

Maximum penalty - Vacate stay order and impose penalty that was previously stayed; and/or revoke, separately and severally, for violation of probation and/or for any additional offenses. [1-4]

California Code of Regulations section 95 provides the authority for the Executive Officer to issue citations and fines from \$100 to \$5000 to a licensee for violation of a term or condition contained in a decision placing that licensee on probation.

The maximum penalty is appropriate for repeated **similar** offenses, or for probation violations indicating a cavalier or recalcitrant attitude. If the probation violation is due in part to the commission of additional offense(s), additional penalties shall be imposed according to the nature of the offense; and the probation violation shall be considered as an aggravating factor in imposing a penalty for those offenses.

## **UNLICENSED ACTIVITIES**

If any unlicensed individual or firm violates, or is suspected of violating, any of the following Business and Professions Code sections, the matter may be referred to the Division of Investigation and if the allegation is confirmed, to the District Attorney or other appropriate law enforcement officer for prosecution.

<b>Section 5050</b>	<b>Section 5056</b>	<b>Section 5072</b>
<b>Section 5051</b>	<b>Section 5058</b>	<b>Section 5088</b>
<b>Section 5055</b>	<b>Section 5071</b>	

**CCR section 95.6 also provides the authority for the Executive Officer to issue citations and fines from \$100 to \$5000 and an order of abatement against any person defined in Business and Professions Code section 5035 who is acting in the capacity of a licensee under the jurisdiction of the CBA.**

**Section 5120** provides that any person who violates any provisions of Article 3 is guilty of a misdemeanor and can be imprisoned for not more than 6 months or assessed a fine of not more than \$1,000 or both. Injunctions may be requested (see section 5122 immediately following).

## **INJUNCTIONS**

Section 5122 provides that "Whenever in the judgment of the Board (or with its approval, in the judgment of the Enforcement Advisory Committee), any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, an offense against this chapter, the Board may make application to the appropriate court for an order enjoining the acts or practices, and upon showing by the Board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or such other order that may be appropriate shall be granted by the court." This section applies to licensees and unlicensed persons.





# VIII. MODEL ORDERS

## LICENSEES

### 1. **Revocation - Single Cause:**

\_\_\_\_\_ License No. \_\_\_\_\_ issued  
(Ex: Certified Public Accountant) (Ex: 00000)

to respondent \_\_\_\_\_ is revoked.  
(Name)

### 2. **Revocation - Multiple Causes:**

\_\_\_\_\_ License No. \_\_\_\_\_ issued to respondent \_\_\_\_\_ is revoked pursuant to Determination(s) of Issues \_\_\_\_\_ separately and for all of them.

### 3. **Suspension:**

\_\_\_\_\_ License No. \_\_\_\_\_ issued to respondent \_\_\_\_\_ is suspended for \_\_\_\_\_. During the period of suspension the respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

### 4. **Standard Stay Order:**

However, \_\_\_\_\_ (revocation/suspension) \_\_\_\_\_ is stayed and respondent is placed on probation for \_\_\_\_\_ years upon the following terms and conditions:

## PETITIONS FOR REINSTATEMENT

### 5. **Grant petition without restrictions on the license:**

The petition for reinstatement filed by \_\_\_\_\_ is hereby granted and Petitioner's certificate shall be fully restored.

### 6. **Grant petition and place license on probation:**

The petition for reinstatement filed by \_\_\_\_\_ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for \_\_\_\_\_ years upon the following terms and conditions (*list standard and applicable optional conditions of probation*):

**7. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:**

The petition for reinstatement filed by \_\_\_\_\_ is hereby granted and Petitioner's certificate shall be fully reinstated upon the following conditions precedent (*list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc*):

Upon completion of the conditions precedent above, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of \_\_\_ years under the following terms and conditions (*list standard and applicable optional conditions of probation*):

**8. Deny Petition:**

The petition for reinstatement filed by \_\_\_\_\_ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code, Petitioner may file a new petition for reinstatement only after \_\_\_\_\_ years have elapsed from the effective date of this decision.

Note: (3 years maximum)

Note: Business and Professions Code section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

**PETITION FOR REVOCATION OF PROBATION**

**9. Revocation of Probation:**

Certified Public Accountant Certificate No. \_\_\_\_\_, heretofore issued to Respondent \_\_\_\_\_, is revoked.

**10. Continuance of Probation:**

However, revocation is stayed and respondent is placed on probation for years upon the following terms and conditions:

**APPLICANTS**

**11. Grant application without restrictions on the license:**

The application of respondent \_\_\_\_\_ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees.

**12. Grant application and place license on probation:**

The application of respondent \_\_\_\_\_ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees. Said license shall immediately be revoked, the order of revocation stayed and respondent's license placed on probation for a period of \_\_\_\_\_ years on the following conditions:

**13. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:**

The application filed by \_\_\_\_\_ for initial licensure is hereby granted and a license shall be issued upon the following conditions precedent (*list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc*):

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, and Respondent shall be placed on probation for a period of \_\_\_\_\_ years under the following terms and conditions (*list standard and applicable optional conditions of probation*):

**14. Deny Application:**

The application of Respondent \_\_\_\_\_ for initial licensure is hereby denied.



## **STANDARD CONDITIONS OF PROBATION (TO BE INCLUDED IN ALL CASES OF PROBATION)**

### **15. Obey All Laws**

Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

### **16. Cost Reimbursement**

Respondent shall reimburse the Board \$ \_\_\_\_\_ for its investigation and prosecution costs. The payment shall be made within \_\_ days/months of the date the Board's decision is final.

Option: The payment shall be made as follows: \_\_\_\_\_ [specify either prior to the resumption of practice or in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate].

### **17. Submit Written Reports**

Respondent shall submit, within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

### **18. Personal Appearances**

Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely manner.

### **19. Comply With Probation**

Respondent shall fully comply with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives of the California Board of Accountancy in its monitoring and investigation of the respondent's compliance with probation terms and conditions.

### **20. Practice Investigation**

Respondent shall be subject to, and shall permit, a practice investigation of the respondent's professional practice. Such a practice investigation shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.

### **21. Comply With Citations**

Respondent shall comply with all final orders resulting from citations issued by the California Board of Accountancy.

**22. Tolling of Probation for Out-of-State Residence/Practice**

In the event respondent should leave California to reside or practice outside this state, respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, and make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice except at the written direction of the Board.

**23. Violation of Probation**

If respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

The CBA's Executive Officer may issue a citation under California Code of Regulations, Section 95, to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

**24. Completion of Probation**

Upon successful completion of probation, respondent's license will be fully restored.

## **OPTIONAL CONDITIONS OF PROBATION (To Be Included In Cases Where Appropriate)**

### **25. Supervised Practice**

Within thirty days of the effective date of this decision, respondent shall submit to the Board or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the Board or its designee. Respondent shall pay all costs for such monitoring.

### **26. Restitution**

Respondent shall make restitution to \_\_\_\_\_ in the amount of \$\_\_\_\_\_ and shall provide the Board with a written release from \_\_\_\_\_ attesting that full restitution has been paid. Restitution shall be completed before the termination of probation.

### **27. Probation Monitoring Costs**

Respondent shall pay all costs associated with probation monitoring as determined by the CBA. Such costs shall be payable to the CBA within 30 days. Failure to pay such costs by the deadline(s) as directed shall be considered a violation of probation. If costs are billed after the completion of the probationary period, the obligation to pay the costs shall continue, but the probation shall not be extended.

### **28. Restricted Practice**

Respondent shall be prohibited from \_\_\_\_\_ (performing certain types of engagements such as audits, reviews, compilations, or attestation engagements, etc.), and/or from practice in \_\_\_\_\_ (certain specialty areas, i.e. bookkeeping, write-up, tax, auditing, etc.).

### **29. Engagement Letters**

Respondent shall use engagement letters with each engagement accepted during probation and shall provide copies of same to the Board or its designee upon request.

### **30. Library Reference Materials**

Respondent shall have immediate access to, shall use, and shall maintain published materials and/or checklists that are consistent with the practice. Such materials and checklists shall be produced on-site for review by the Board or its designee upon reasonable notice.

### **31. Ethics Continuing Education**

Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity, and consumer expectations (within a given period of time or prior to resumption of practice). Courses must be a minimum of one hour as described in California Code of Regulations section 88.2, (Courses will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

### **32. Regulatory Review Course**

Respondent shall complete a CBA-approved course on the provisions of the California Accountancy Act and the California Board of Accountancy Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations (within a given period of time or prior to resumption of practice). The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees being disciplined. The course shall be (a minimum of) two hours.

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

### **33. Peer Review**

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a certified peer reviewer at respondent's expense. The review shall evaluate the respondent's and his/her firm's system of quality control, including its organizational structure, the policies and procedures established by the firm, and the firm's compliance with its quality control system as determined on the basis of a review of selected engagements. The specific engagements to be reviewed shall be at the discretion of the peer reviewer.

Upon completion of the peer review, respondent shall submit a copy of the report with the reviewer's conclusions and findings to the Board.

### **34. CPA Exam**

Respondent shall take and pass the (section) of the CPA examination (within a given period of time - e.g., within 180 days of the effective date of the decision or within 180 days of completion of educational program, etc. or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent takes and successfully passes said exam, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.



**35. Enrolled Agents Exam**

Respondent shall take and pass the enrolled agents exam (within a given period of time or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent takes and successfully passes said examination, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

**36. Continuing Education Courses**

Respondent shall complete and provide proper documentation of (specified) professional education courses within (a designated time). This shall be in addition to continuing education requirements for relicensing.

**37. Active License Status**

Respondent shall at all times maintain an active license status with the Board, including during any period of suspension. If the license is expired at the time the Board's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

**38. Samples - Audit, Review or Compilation**

During the period of probation, if the respondent undertakes an audit, review or compilation engagement, the respondent shall submit to the Board as an attachment to the required quarterly report a listing of the same. The Board or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the Board or its designee upon request.

**39. Prohibition from Handling Funds**

During the period of probation the respondent shall engage in no activities which require receiving or disbursing funds for or on behalf of any other person, company, partnership, association, corporation, or other business entity.

**40. Community Service - Free Services**

Respondent shall participate in a community service program as directed by the Board or its designee in which respondent provides free professional services on a regular basis to a community or charitable facility or agency, amounting to a minimum of \_\_\_\_ hours. Such services to begin no later than \_\_ days after respondent is notified of the program and to be completed no later than \_\_\_\_\_. Respondent shall submit proof of compliance with this requirement to the Board. Respondent is entirely responsible for his or her performance in the program and the Board assumes neither express nor implied responsibility for respondent's performance nor for the product or services rendered.

**41. Relinquish Certificate**

Respondent shall relinquish and shall forward or deliver the certificate or permit to practice to the Board office within 10 days of the effective date of this decision and order.

**42. Notification to Clients/Cessation of Practice**

In orders that provide for a cessation or suspension of practice, respondent shall comply with procedures provided by the California Board of Accountancy or its designee regarding notification to, and management of, clients.

**43. Administrative Penalty**

Respondent shall pay to the Board an administrative penalty in the amount of \$ \_\_\_\_\_ for violation of Section(s) \_\_\_\_\_ of the California Accountancy Act. The payment shall be made within \_\_\_days/months of the date the Board's decision is final.

**44. Medical Treatment**

Respondent shall undergo and continue treatment by a licensed physician of respondent's choice and approved by the Board or its designee until the treating physician certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating physician submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is physically fit to practice.

**45. Psychotherapist**

Respondent shall undergo and continue treatment by a licensed psychotherapist of respondent's choice and approved by the Board or its designee until the treating psychotherapist certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating psychotherapist submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is mentally fit to practice.

**46. Rehabilitation Program/Chemical Dependence**

Respondent shall successfully complete or shall have successfully completed a rehabilitation program for chemical dependence that the Board or its designee approves and shall have reports submitted by the program. If a program was not successfully completed prior to the period of probation, the respondent, within a reasonable period of time as determined by the Board or its designee but not exceeding 90 days of the effective date of the decision, shall be enrolled in a program. In addition, respondent must attend support groups, (e.g. Narcotics Anonymous, Alcoholic Anonymous etc.), as directed by the Board or its designee. Respondent is responsible for all costs of such a program.

**47. Drugs - Abstain From Use**

Respondent shall completely abstain from the personal use of all psychotropic drugs, including alcohol, in any form except when the same are lawfully prescribed.

**48. Drugs - Screening**

Respondent shall participate or shall have participated in a drug screening program acceptable to the Board and shall have reports submitted by the program. Respondent is responsible for all costs associated with said screening and reporting.

**49. Biological Fluid Testing**

Respondent, at any time during the period of probation, shall fully cooperate with the Board or its designee in its supervision and investigation of compliance with the terms and conditions of probation, and shall, when requested, submit to such tests and samples as the Board or its designee may require for the detection of alcohol, narcotics, hypnotic, dangerous drugs, or controlled substances. Respondent is responsible for all costs associated with this investigation and testing.

Conditions 44-49 shall be used when evidence indicates respondent may have physical or mental ailment(s) or conditions(s) which contributed to the violation or when the same are alleged by respondent to be a contributing factor to the violation(s).