

Chapter Accy 1

RULES OF CONDUCT

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History: Chapter Accy 1 as it existed on June 30, 1974 was repealed and a new Chapter Accy 1 was created, Register, June, 1974, No. 222, effective July 1, 1974.

Accy 1.001 Applicability of rules. (1) A person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, may be held responsible for compliance with the rules of conduct by all persons associated with him in the practice of public accounting who are either under his supervision or are his partners or shareholders in the practice.

(a) A person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall not permit others to carry out on his behalf, either with or without compensation, acts which, if carried out by him, would place him in violation of the rules of conduct.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

SUBCHAPTER I, INDEPENDENCE, INTEGRITY AND OBJECTIVITY

Accy 1.101 Independence. (1) No person licensed to practice as a certified public accountant or public accountant, as defined in the statutes, or a firm of which he is a partner or shareholder, shall express an opinion on financial statements of an enterprise unless he and any partnership or firm with which he is associated are independent with respect to such enterprise. Independence does not exist where:

(a) During the period of his professional engagement, or at the time of expressing his opinion, he or his partnership or firm

1. Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

2. Had any joint closely held business investment with the enterprise or any officer, director or principal stockholder thereof which was material in relation to his net worth; or the net worth of any partnership or firm with which he is associated, or

3. Had any loan to or from the enterprise or any officer, director or principal stockholder thereof. This latter proscription does not apply to the following loans from a financial institution when made under normal lending procedures, terms and requirements:

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a. Loans obtained by him or any partnership or firm with which he is associated which are not material in relation to the net worth of such borrower.

b. Home mortgages.

c. Other secured loans, except loans guaranteed by any partnership or firm with which he is associated which are otherwise unsecured.

(b) During the period covered by the financial statements, or during the period of the professional engagement, or at the time of expressing an opinion, he or his partnership or firm

1. Was connected with the enterprise as a promoter, underwriter, voting trustee, director or officer or in any capacity equivalent to that of a member of management or of an employe; or

2. Was a trustee of any trust or personal representative of any estate if such trust or estate had a direct or material indirect financial interest in the enterprise; or was a trustee for any pension or profit sharing trust of the enterprise.

3. The above examples are not intended to be all-inclusive.

(2) Interpretations of Accy 1.101, not intended to be all-inclusive, are as follows:

(a) *Directorships*. Certified public accountants and public accountants are often asked to lend the prestige of their name as a director of a charitable, religious, civic or other similar type of nonprofit organization whose board is large and representative of the community's leadership. An auditor who permits his name to be used in this manner would not be considered lacking in independence under rule 1.101 so long as he does not perform or give advice on management functions, and the board itself is sufficiently large that a third party would conclude that his membership was honorary.

(b) *Retired partners and firm independence*. A retired partner having a relationship of a type specified in rule 1.101 with a client of his former firm would not be considered as impairing the firm's independence with respect to the client provided that he is no longer active in the firm, that the fees received from such client do not have a material effect on his retirement benefits and that he is not held out as being associated with his former partnership.

(c) *Accounting services*. 1. Certified public accountants and public accountants in public practice are sometimes asked to provide manual or automated bookkeeping or data processing services to clients who are of insufficient size to employ an adequate internal accounting staff. Computer systems design and programming assistance are also rendered by certified public accountants and public accountants either in conjunction with data processing services or as a separate engagement. Certified public accountants and public accountants who perform such services and who are engaged in the practice of public accounting are subject to the rules of conduct.

2. On occasion, certified public accountants and public accountants also rent "block time" on their computers to their clients but are not involved in the processing of transactions or maintaining the client's accounting records. In such cases, the sale of block time constitutes a business rather than a professional relationship and must be considered together with all other relationships between the certified public accountant or public accountant and his client to determine if their aggregate impact is such as to impair the certified public accountant's or public accountant's independence.

3. When a certified public accountant or public accountant performs manual or automated bookkeeping services, concern may arise whether the performance of such services would impair his audit independence—that the performance of such basic accounting services would cause his audit to be lacking in a review of mechanical accuracy or that the accounting judgments made by him in recording transactions may somehow be less reliable than if made by him in connection with the subsequent audit.

4. Certified public accountants and public accountants are skilled in, and well accustomed to, applying techniques to control mechanical accuracy, and the performance of the record-keeping function should have no effect on application of such techniques. With regard to accounting judgments, if third parties have confidence in a certified public accountant's or public accountant's judgment in performing an audit, it is difficult to contend that they would have less confidence where the same judgment is applied in the process of preparing the underlying accounting records.

5. Nevertheless, a certified public accountant or public accountant performing accounting services for an audit client must meet the following requirements to retain the appearance that he is not virtually an employee and therefore lacking in independence in the eyes of a reasonable observer.

a. The certified public accountant or public accountant must not have any relationship or combination of relationships with the client or any conflict of interest which would impair his integrity and objectivity.

b. The client must accept the responsibility for the financial statements as his own. A small client may not have anyone in his employ to maintain accounting records and may rely on the certified public accountant or public accountant for this purpose. Nevertheless, the client must be sufficiently knowledgeable of the enterprise's activities and financial condition and the applicable accounting principles so that he can reasonably accept such responsibility, including, specifically, fairness of valuation and presentation and adequacy of disclosure. When necessary, the certified public accountant or public accountant must discuss accounting matters with the client to be sure that the client has the required degree of understanding.

c. The certified public accountant or public accountant must not assume the role of employee or of management conducting the operations of an enterprise. For example, the certified public accountant or public accountant shall not consummate transactions, have custody of assets or exercise authority on behalf of the client. The client must prepare the source documents on all transactions in sufficient detail to identify clearly the nature and amount of such transactions and maintain an accounting control over data processed by the certified public accountant or public accountant such as control totals and document counts. The certified public accountant or public accountant should not make changes in such basic data without the concurrence of the client.

d. The certified public accountant or public accountant, in making an examination of financial statements prepared from books and records which he has maintained completely or in part, must conform to generally accepted auditing standards. The fact that he has processed or maintained certain records does not eliminate the need to make sufficient audit tests.

6. When a client's securities become subject to regulation by the securities and exchange commission or other federal or state regulatory body, responsibility for maintenance of the accounting records, including accounting classification decisions, must be assumed by accounting personnel employed by the client. The assumption of this responsibility must commence with the first fiscal year after which the client's securities qualify for such regulation.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accty 1.102 Integrity and objectivity. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall knowingly misrepresent facts, and when engaged in the practice of public accounting, including the rendering of tax and management advisory services, shall not subordinate his judgment to others. In tax practice, a member may resolve doubt in favor of his client as long as there is reasonable support for his position.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

Accty 1.103 Disclosure of interest. As to disclosure of interest in corporation reported on, section 442.10, Wis. Stats., is controlling.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

SUBCHAPTER II, COMPETENCE AND TECHNICAL STANDARDS

Accty 1.201 Competence. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall undertake any engagement which he or the partnership or firm with which he is associated cannot reasonably expect to complete with professional competence.

(2) Interpretations of Accty 1.201, not intended to be all-inclusive, are as follows:

(a) Competence. A certified public accountant or public accountant who accepts a professional engagement implies that he has the necessary competence to complete the engagement according to professional standards, applying his knowledge and skill with reasonable care and diligence, but he does not assume a responsibility for infallibility of knowledge or judgment.

(b) Competence in the practice of public accounting involves both the technical qualifications of the certified public accountant or public accountant and his staff and his ability to supervise and evaluate the quality of the work performed. Competence relates both to knowledge of the profession's standards, techniques and the technical subject matter involved, and to the capability to exercise sound judgment in applying such knowledge to each engagement.

(c) The certified public accountant or public accountant may have the knowledge required to complete an engagement professionally before undertaking it. In many cases, however, additional research or consultation with others may be necessary during the course of the engagement. This does not ordinarily represent a lack of competence, but rather is a normal part of the professional conduct of an engagement.

(d) However, if a certified public accountant or public accountant is unable to gain sufficient competence through these means, he should suggest, in fairness to his client and the public, the engage-

ment of someone competent to perform the needed service, either independently or as an associate.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.202 Auditing standards. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall permit his name to be associated with financial statements in such a manner as to imply that he is acting as an independent public accountant, unless he has complied with the applicable generally accepted auditing standards as promulgated by the American institute of certified public accountants. Statements on auditing standards issued by the American institute of certified public accountant's committee on auditing standards are, for purposes of this rule, considered to be interpretations of the generally accepted auditing standards, and departures from such statements must be justified by those who do not follow them.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

Accy 1.203 Accounting principles. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from an accounting principle promulgated by the body designated by the council of the American institute of certified public accountants to establish such principles which has a material effect on the statements taken as a whole, unless he can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In such cases his report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(2) Interpretations of Accy 1.203, not intended to be all-inclusive, are as follows:

(a) Departures from established accounting principles. Rule 1.203 was adopted to require compliance with accounting principles promulgated by the body designated by council of the American institute of certified public accountants to establish such principles. There is a strong presumption that adherence to officially established accounting principles would in nearly all instances result in financial statements that are not misleading.

(b) However, in the establishment of accounting principles it is difficult to anticipate all of the circumstances to which such principles might be applied. This rule therefore recognizes that upon occasion there may be unusual circumstances where the literal application of pronouncements on accounting principles would have the effect of rendering financial statements misleading. In such cases, the proper accounting treatment is that which will render the financial statements not misleading.

(c) The question of what constitutes unusual circumstances as referred to in rule 1.203 is a matter of professional judgment involving the ability to support the position that adherence to a promulgated principle would be regarded generally by reasonable men as producing a misleading result.

(d) Examples of events which may justify departures from a principle are new legislation or the evolution of a new form of business.

ness transaction. An unusual degree of materiality or the existence of conflicting industry practices are examples of circumstances which would not ordinarily be regarded as unusual in the context of rule 1.203.

(e) Status of FASB interpretations. Council of the American institute of certified public accountants is authorized under rule 1.203 to designate a body to establish accounting principles and has designated the financial accounting standards board as such body. The accounting examining board also has resolved that financial accounting standards board statements of financial accounting standards, together with those accounting research bulletins and accounting principles board opinions which are not superseded by action of the FASB, constitute accounting principles as contemplated in rule 1.203.

(f) In determining the existence of a departure from an accounting principle established by a statement of financial accounting standards, accounting research bulletin or accounting principles board opinion encompassed by rule 1.203, the accounting examining board will construe such statement, bulletin or opinion in the light of any interpretations thereof issued by the financial accounting standards board.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.204 Forecasts. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall permit his name to be used in conjunction with any forecast of future transactions in a manner which may lead to the belief that he vouches for the achievability of the forecast.

(2) Interpretations of Accy 1.204, not intended to be all-inclusive, are as follows:

(a) Forecasts. Rule 1.204 does not prohibit a certified public accountant or public accountant from preparing, or assisting a client in the preparation of, forecasts of the results of future transactions. When a certified public accountant's or public accountant's name is associated with such forecasts, there shall be the presumption that such data may be used by parties other than the client. Therefore, full disclosure must be made of the sources of the information used and the major assumptions made in the preparation of the statements and analyses, the character of the work performed by the member, and the degree of the responsibility he is taking.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

SUBCHAPTER III, RESPONSIBILITIES TO CLIENTS

Accy 1.301 Confidential client information. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall disclose any confidential information obtained in the course of a professional engagement except with the consent of the client or through the due process of law.

(2) This rule shall not be construed:

(a) To relieve such a person of his obligation under sections Accy 1.202 and 1.203, Wis. Adm. Code.

(b) To affect in any way his compliance with a validly issued subpoena or summons enforceable by order of a court,

(c) To prohibit review of such a person's professional practices as a part of voluntary quality review under authorization of the American institute of certified public accountants or the Wisconsin society of certified public accountants or

(d) To preclude a certified public accountant or public accountant from responding to an inquiry made by the ethics division of trial board of American institute of certified public accountants, by duly constituted investigative or disciplinary body of a state CPA society, or under any state statutes.

(3) Members of the ethics division and trial board of the American institute of certified public accountants and professional practice reviewers under American institute of certified public accountants authorization, or their state society counterparts, shall not disclose any confidential client information which comes to their attention from such persons in disciplinary proceedings or otherwise in carrying out their official responsibilities. However, this prohibition shall not restrict the exchange of information with an aforementioned duly constituted investigative or disciplinary body.

(4) Interpretations of Accy 1.301, not intended to be all-inclusive, are as follows:

(a) Confidential information and technical standards. The prohibition against disclosure of confidential information obtained in the course of a professional engagement does not apply to disclosure of such information when required to properly discharge the certified public accountant's or public accountant's responsibility according to the profession's standards. The prohibition would not apply, for example, to disclosure, as required by section 561 of Statement on Auditing Standards No. 1, of subsequent discovery of facts existing at the date of the auditor's report which would have affected the auditor's report had he been aware of such facts.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (4), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.302 Contingent fees. (1) Professional services shall not be offered or rendered under an arrangement whereby no fee will be charged unless a specified finding or result is attained, or where the fee is otherwise contingent upon the findings or results of such services. However, fees may vary depending, for example, on the complexity of the service rendered.

(a) Fees are not regarded as being contingent if fixed by courts or other public authorities or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

SUBCHAPTER IV, RESPONSIBILITIES TO COLLEAGUES

Accy 1.401 Encroachment. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall endeavor to provide a person or entity with a professional service which is currently provided by another licensed certified public accountant, or public accountant, except:

(a) He may respond to a request for a proposal to render services and may furnish service to those who request it. However, if an audit client of another independent public accountant requests such a person to provide professional advice on accounting or auditing matters

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in connection with an expression of opinion on financial statements, he must first consult with the other accountant to ascertain that he is aware of all the available relevant facts.

(b) Where he is required to express an opinion on combined or consolidated financial statements which include a subsidiary, branch or other component audited by another such accountant, he may insist on auditing any such component which in his judgment is necessary to warrant the expression of his opinion.

(c) A person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, who receives an engagement for services by referral from another such accountant shall not accept the client's request to extend his services beyond the specific engagement without first notifying the referring accountant, nor shall he seek to obtain any additional engagement from the client.

(2) Interpretations of Accy 1.401, not intended to be all-inclusive, are as follows:

(a) Relations with clients also served by other certified public accountants and public accountants. The unsolicited sending to clients of firm literature or invitations to seminars which cover services that are currently being rendered to the client by another certified public accountant or public accountant is considered a violation of rule 1.401.

(b) Reliance on work of others. Rule 1.401 makes clear that it is not improper for a certified public accountant or public accountant expressing his opinion on combined or consolidated financial statements to insist on auditing such components as are necessary in his judgment to comply with section 543 of Statement on Auditing Standards No. 1. The auditor's exercise of judgment in this regard is subject to review. Insistence upon auditing an unreasonably large portion of the financial statements may lead to the conclusion that the auditor's judgment was a part of a plan or design to solicit an engagement, which action would be a violation of rule 1.401 against encroachment.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.402 Offers of employment. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall make a direct or indirect offer of employment to an employe of another such accountant on his own behalf or that of his client without first informing such accountant. This rule shall not apply if the employe on his own initiative or in response to a public advertisement applies for employment.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

SUBCHAPTER V, OTHER RESPONSIBILITIES AND PRACTICES

Accy 1.501 Act discreditable. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall commit an act discreditable to the profession.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

Accy 1.502 Solicitation and advertising. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall seek to obtain clients by solicitation. Advertising is a form of solicitation and is prohibited.

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(2) Interpretations of Accy 1.502, not intended to be all-inclusive, are as follows:

(a) *Announcements.* Publication in a newspaper, magazine or similar medium of an announcement or what is technically known as a "card" is prohibited. Also prohibited is the issuance of a press release regarding firm mergers, opening of new offices, change of address or admission of new partners. Announcements of such changes may be mailed to clients and individuals with whom professional contacts are maintained, such as lawyers and bankers. Such announcements should be dignified and would not refer to fields of specialization.

(b) *Office premises.* Listing of the firm name in lobby directories of office buildings and on entrance doors solely for the purpose of enabling interested parties to locate an office is permissible. The listing should be in good taste and modest in size. The indication of a specialty such as "income tax" in such listing constitutes advertising.

(c) *Directories; telephone, classified and trade association.* A listing in a telephone, trade association, membership or other classified directory shall not:

1. Appear in a box or other form of display, or in a type or style which differentiates it from other listings in the same directory.

2. Appear in more than one place in the same classified directory.

3. Appear under a heading other than "Certified Public Accountant" or "Public Accountant" where the directory is classified by type of business occupation or service.

4. Be included in the yellow pages or business section of a telephone directory unless the certified public accountant or public accountant maintains a bona fide office in the geographic area covered. A bona fide office is one which has the following characteristics:

a. *Office Facilities.* Readily identifiable as the Certified Public Accountants separate office.

b. *Supervision.* Work performed by or through the office is under the direct supervision of one or more Certified Public Accountants.

c. *Certified Public Accountant Availability.* A Certified Public Accountant is present in the office on a regular basis and frequently.

d. *Staffing.* During normal business hours, there is present in the office a partner or proprietor of the firm or a person employed by the firm. This requirement will not be applicable where the firm has but one office.

5. Listings as described in this provision above may:

a. Include the firm name, partners' names, professional title (CPA), address and telephone number.

b. Be included under both the geographical and alphabetical section where the directory includes such sections.

(d) *Business stationery.* A certified public accountant's or public accountant's stationery should be in keeping with the dignity of the profession and not list any specialty. The stationery may include the firm name, address and telephone number, names of partners, names of deceased partners and their years of service, names of professional staff when preceded by a line to separate them from the partners, and cities in which other offices and correspondents or associates are located. Membership in the institute or state CPA society or associated group of CPA firms whose name does not indicate a specialty may also be shown. In the case of multi-office firms, it is

suggested that the words "offices in other principal cities" (or other appropriate wording) be used instead of a full list of offices. Also, it is preferable to list only the names of partners resident in the office for which the stationery is used.

(e) *Business cards.* Business cards may be used by partners, sole practitioners and staff members. They should be in good taste and should be limited to the name of the person presenting the card, his firm name, address and telephone number(s), the words "Certified Public Accountant(s)", or "CPA" and such words as "partner", "manager" or "consultant" but without any specialty designation. Certified public accountants and public accountants not in the practice of public accounting may use the title "Certified Public Accountant" or "Public Accountant" or "CPA" or "PA" but shall not do so when engaged in sales promotion, selling or similar activities.

(f) *Help-wanted advertisements.* A certified public accountant or public accountant shall not include his name in help-wanted or situations-wanted display advertising on his own behalf or that of others in any publication. In display advertising, the use of a telephone number, address, or newspaper box number is permissible. In classified advertisements other than display, the certified public accountant's or public accountant's name should not appear in boldface type, capital letters or in any other manner which tends to distinguish the name from the body of the advertisement.

(g) *Firm publications.* Newsletters, bulletins, house organs, recruiting brochures and other firm literature on accounting and related business subjects prepared and distributed by a firm for the information of its staff and clients serve a useful purpose. The distribution of such material outside the firm must be properly controlled and should be restricted to clients and individuals with whom professional contacts are maintained, such as lawyers and bankers. Copies may also be supplied to job applicants, to students considering employment interviews, to nonclients who specifically request them and to educational institutions. If requests for multiple copies are received and granted, the certified public accountant or public accountant and his firm are responsible for any distribution by the party to whom they are issued.

(h) *Newsletters and publications prepared by others.* A certified public accountant or public accountant shall not permit newsletters, tax booklets or similar publications to be imprinted with his firm's name if they have not been prepared by his firm.

(i) *Responsibility for publisher's promotional efforts.* It is the responsibility of a certified public accountant or public accountant to see that the publisher or others who promote distribution of his writing, observe the boundaries of professional dignity and make no claims that are not truthful and in good taste. The promotion may indicate the author's background including, for example, his education, professional society affiliations and the name of his firm, the title of his position and principal activities therein. Subjective designations or statements which proclaim the author as an expert in any specialty may not be used. Repetition of credits in a series of articles in the public press could be construed to be a violation of rule 1.502.

(j) *Statements and information to the public press.* 1. A certified public accountant or public accountant shall not directly or indirectly cultivate publicity which advertises his or his firm's professional attainments or services. He may respond factually when approached

by the press for information concerning his firm, but he should not use press inquiries as a means of aggrandizing himself or his firm or of advertising professional attainments or services. When interviewed by a writer or reporter, he is charged with the knowledge that he cannot control the journalistic use of any information he may give and should notify the reporter of the limitations imposed by professional ethics.

2. Releases and statements made by certified public accountants and public accountants on subjects of public interest which may be reported by the news media, and publicity not initiated by a certified public accountant or public accountant such as that which may result from public service activities, are not considered advertising. However, press releases concerning internal matters in a certified public accountant's or public accountant's firm are prohibited.

(k) *Participation in educational seminars.* Participation by certified public accountants and public accountants in programs of educational seminars, either in person or through audio-visual techniques, on matters within the field of competence of certified public accountants and public accountants is in the public interest and is to be encouraged. Such seminars should not be used as a means of soliciting clients. Therefore, certain restraints must be observed to avoid violation of the spirit of rule 1.502 which prohibits solicitation and advertising. For example, a certified public accountant or public accountant or his firm should not:

1. Send announcements of a seminar to nonclients or invite them to attend. However, educators may be invited to attend to further their education.

2. Sponsor, or convey the impression that he is sponsoring, a seminar which will be attended by nonclients. However, a certified public accountant or public accountant or his firm may conduct educational seminars solely for clients and those serving his clients in a professional capacity, such as bankers and lawyers.

3. In addition, when a seminar is sponsored by others and attended by nonclients, a certified public accountant or public accountant or his firm should not:

a. Solicit the opportunity to appear on the program.

b. Permit the distribution of publicity relating to the certified public accountant or public accountant or his firm in connection with the seminar except as permitted under Interpretation 1.502 (2) (1) above.

c. Distribute firm literature which is not directly relevant to a subject being presented on the program by the certified public accountant or public accountant or persons connected with his firm.

(l) *Solicitation of former clients.* Offers by a certified public accountant or public accountant to provide services after a client relationship has been clearly terminated, either by completion of a nonrecurring engagement or by direct action of the client, constitute a violation of rule 1.502 prohibiting solicitation.

(m) *Soliciting work from other practitioners.* Rule 1.502 does not prohibit a certified public accountant or public accountant in the practice of public accounting from informing other practitioners of his availability to provide them or their clients with professional services. Because advertising comes to the attention of the public,

such offers to other practitioners must be made in letter form or by personal contact.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.503 Commissions. (1) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall pay a commission to obtain a client, nor shall he accept a commission for a referral to a client of products or services of others. This rule shall not prohibit payments for the purchase of an accounting practice or retirement payments to individuals formerly engaged in the practice of public accounting or payments to their heirs or estates.

(2) Interpretations of Accy 1.503, not intended to be all-inclusive, are as follows:

(a) Fees in payment for services, Rule 1.503, which prohibits payment of a commission to obtain a client, was adopted to avoid a client's having to pay fees for which he did not receive commensurate services. However, payment of fees to a referring certified public accountant or public accountant for professional services to the successor firm or to the client in connection with the engagement is not prohibited.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.504 Incompatible occupations. (1) No person who is engaged in practice as a certified public accountant, or public accountant, as defined in the statutes, shall concurrently engage in any business or occupation which impairs his objectivity in rendering professional services or which serves as a feeder to his practice.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.

Accy 1.505 Form of practice and name. (1) No person or firm licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, may practice, whether as an owner or employe, in a form other than a proprietorship, a partnership, or a service corporation, whose characteristics conform to those defined in Wisconsin Statutes.

(a) No person licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, shall practice under a firm name which includes any fictitious name, indicates specialization or is misleading as to the type of organization (proprietorship, partnership or corporation). However, names of one or more past partners or shareholders may be included in the firm name of a successor partnership or corporation. Also, a partner surviving the death or withdrawal of all other partners may continue to practice under the partnership name for up to 2 years after becoming a sole practitioner.

(b) All changes in status of ownership or in firm names shall be reported in writing to the board within 60 days after the event.

(c) A firm may not designate itself as "Certified Public Accountants" unless all of its partners or shareholders are certified public accountants.

(2) Interpretations of Accy 1.505, not intended to be all-inclusive, are as follows:

(a) Investment in commercial accounting corporation. A member

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in the practice of public accounting may have a financial interest in a commercial corporation which performs for the public services of a type performed by certified public accountants or public accountants and whose characteristics do not conform to resolutions of council of the American institute of certified public accountants, provided such interest is not material to the corporations' net worth, and the certified public accountant's or public accountant's interest in and relation to the corporation is solely that of an investor.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74; cr. (2), Register, December, 1974, No. 228, eff. 1-1-75.

Accy 1.506 Practice while suspended. No person who is licensed to practice as a certified public accountant, or public accountant, as defined in the statutes, who has been suspended, shall practice as a certified public accountant or public accountant during the period of such suspension.

History: Cr. Register, June, 1974, No. 222, eff. 7-1-74.