§ 7408. Special provisions. 1. Nothing contained in this article shall be deemed to prohibit one or more certified public accountants or one or more public accountants, or any combination thereof, from forming a firm.

2. No firm shall use the words "certified public accountant" or "certified public accountants" or the letters "CPA" or "CPAs" in connection with its name unless the sole proprietor of such firm or each partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation engaged within the United States in the practice of public accountancy is in good standing as a certified public accountant of one or more of the states of the United States.

3. a. Any firm that is established for the business purpose of lawfully engaging in the practice of public accountancy pursuant to subdivisions one and two of section seventy-four hundred one of this article or uses the title "CPA" or "CPA firm" or the title "PA" or "PA firm" must register with the department. A firm of certified public accountants or public accountants engaged in the practice of public accountancy pursuant to subdivision three of section seventy-four hundred one of this article, but not engaged in the practice of public accountancy pursuant to subdivisions one and two of section seventy-four hundred one of this article, may register with the department under this subdivision. As a condition of registration or renewal, the firm shall affirm that it has not violated the provisions of this article, any other applicable laws and such other requirements as the department may impose, consistent with this article, except that the provisions of section seventy-four hundred ten of this article shall not apply on initial registration.

b. A registration shall be issued to a firm upon payment of the fee prescribed by the commissioner upon application showing that:

(1) At least one partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation or the sole proprietor is licensed or otherwise authorized to practice under this article and his or her

license to practice is not currently suspended, annulled or revoked in any jurisdiction and he or she is regularly engaged in practice on behalf of the firm within the state or, in the case of a firm that holds a license, registration, or permit as a firm of certified public accountants in another state and is required to register in this state, an individual with practice privileges under subdivision two of section seventy-four hundred six of this article;

(2) The firm, other than a sole proprietorship, consists of at least two present partners, members or shareholders;

(3) The firm, other than a sole proprietorship, contains at least as many present partners, members or shareholders as the total number of names in the firm name, or, where the word "company" or abbreviation "co." is used, the number of present partners, members or shareholders shall be greater than the number of names in the firm name;

(4) Such application includes a list of the location of all offices within this state, including the names of the persons in charge of such offices; and

(5) Such application includes a list of all states in which the firm has applied for or holds registrations, licenses, or permits as a public accounting firm and a list of any past denial, revocation, or suspension of a license, registration or permit by any other state or jurisdiction within the last three years.

c. In addition to authority granted under any other provision of law, the board of regents may revoke such registration or take other action pursuant to a consent order or surrender of registration in accordance with this title and the rules of the board of regents, in the same manner and to the same extent as is provided with respect to individuals licensed pursuant to this article, or pursuant to a settlement in which the firm neither admits nor denies the allegations of professional misconduct, or after a hearing conducted in accordance with the provisions of section sixty-five hundred ten of this title upon proof:

(1) That the registration was obtained by either misrepresentation or suppression of any material fact;

(2) That the license or authorization to practice of any sole proprietor, partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional

service corporation is suspended, annulled or revoked in any jurisdiction;

(3) That any sole proprietor, partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation in such firm is or has been engaged in the practice of public accountancy in this state who is not licensed or otherwise authorized to practice in this state;

(4) That the firm failed to file the written notification required pursuant to paragraph e of this subdivision;

(5) That the firm failed to undergo a peer review of its attest services pursuant to section seventy-four hundred ten of this article at least once every three years; or

(6) That the firm has engaged in professional misconduct pursuant to section sixty-five hundred nine of this title.

d. Personal service on a sole proprietor, any general partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation licensed in this state of a notice of a hearing to revoke the registration of, or take other disciplinary action against a firm registered hereunder shall be deemed service on the firm.

e. A firm registered to practice pursuant to this section shall file with the department annually on or before the anniversary of the date of the firm's first registration written notification of:

(1) Any admission of a partner, member or shareholder,

(2) Any resignation, termination, retirement or death of a partner, member or shareholder,

(3) Any termination of a firm,

(4) Any change in the number or location of offices within this state and any change in the identity of the persons in charge of such offices, or

(5) Any occurrence of any event or events which would eliminate as to such firm conformity with the applicable requirements of this section.

f. The commissioner shall establish in regulations a registration process for certified public accountancy firms and public accountancy

firms, including the imposition of application and registration fees and procedures to suspend or revoke a registration or take other disciplinary action for cause.

g. Firms shall register triennially.

h. An individual licensee or individual practicing under subdivision two of section seventy-four hundred six of this article who signs or authorizes someone to sign the accountant's report on the financial statements on behalf of a firm shall meet the competency requirements set out in the professional standards for such services, as recognized in subdivision one of section seventy-four hundred one-a of this article, and as set out in the rules of the board of regents.

4. Any person shall be guilty of a class A misdemeanor who shall use, in connection with the practice of public accountancy, or in any manner tending to imply that he or she is an independent accountant or auditor, the designations "chartered accountant", "certified accountant", "expert accountant", "certified tax accountant", "tax accountant", "enrolled accountant", "enrolled public accountant", "registered accountant", "licensed accountant", "incorporated accountant", "registered public accountant", "licensed public accountant", or any abbreviation thereof, or the letters "C.A.", "E.A.", "C.T.A.", "T.A.", "E.P.A.", "R.A.", "L.A.", "I.A.", "P.A.", "R.P.A.", or, "L.P.A.", except as provided elsewhere in this article, or any other designation tending to imply that he or she has expert knowledge in accounting or auditing. The title "enrolled agent" or the designation "E.A." may only be used by individuals so designated by the United States Internal Revenue Service.

5. An individual not licensed as a certified public accountant or public accountant or otherwise authorized to practice public accountancy, or an entity not required to register under this section may prepare a financial statement so long as it is not accompanied by any statement, report, or wording indicating such individual is a certified public accountant or public accountant or that such entity is registered to practice public accountancy under this article. Such non-licensed individuals and non-registered entities shall include the

following written language when preparing financial statements:

a. "(I, We) have prepared the accompanying financial statement(s) of (name of business or organization) as of the (time period) and for the (period) then ended. This presentation is limited to preparing, in the form of a financial statement(s), information that is the representation of (name of business or organization)"; and

b. "(I, We) have not audited or reviewed the accompanying financial statement(s) and accordingly do not express an opinion or any other form of assurance on them."