I Mina'Trentai Tres Na Liheslaturan Received

Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
PUBLIC LAW 33-193 187-33 (COR)	B. J.F. Cruz	AN ACT TO AMEND CHAPTER 35, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM ACCOUNTANCY ACT OF 2003, AND TO REPEAL AND REENACT TITLE 25, CHAPTER 2 OF THE GUAM ADMINISTRATIVE RULES, RELATIVE TO POLICIES WITHIN THE ADMINSTRATIVE RULES AND REGULATIONS OF THE GUAM BOARD OF ACCOUNTANCY.	**CORRECTED** 10/07/16 **INTRO** 10/12/15 1:09 p.m.	10/13/15	Committee on Finance and Taxation, General Government Operations and Youth Development	11/07/16 9:00 a.m.	11/22/16 4:33 p.m.	**Fiscal Note Waiver** 12/18/15 **Fiscal Note Request** 10/13/15
	DATE PASSED	**TITLE**	**DATE AND TIME TRANSMITTED**		**DUE DATE**	**DATE SIGNED BY** *I MAGA'LÅ HEN GUÅHAN*	**PUBLIC LAW NO.**	**NOTES**
	12/02/16	AN ACT TO AMEND CHAPTER 35 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE GUAM ACCOUNTANCY ACT OF 2003; AND TO REPEAL AND REENACT CHAPTER 2 OF TITLE 25, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO POLICIES WITHIN THE ADMINISTRATIVE RULES AND REGULATIONS OF THE GUAM BOARD OF ACCOUNTANCY.	12/05/16	4:50 p.m.	12/16/16	**12/15/16**	**P.L. 33-193**	**M&C No. 33GL-16-2264**

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor Of Guam.

DEC 15 2016

33-16-2264
Office of the Speaker
Judith T. Won Pat, Ed.D
Date: 12-19-16
Time: 9AM
Received By:

2016 DEC 19 AM 10 48

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Tres Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Dear Madame Speaker:

Transmitted herewith is Bill No. 187-33 (COR), **"AN ACT TO *AMEND* CHAPTER 35 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE GUAM ACCOUNTANCY ACT OF 2003; AND TO *REPEAL* AND *REENACT*, CHAPTER 2 OF TITLE 25, THE GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO POLICIES WITHIN THE ADMINSTRATIVE RULES AND REGULATIONS OF THE GUAM BOARD OF ACCOUNTANCY,"** which was signed into law on December 15, 2016, as **Public Law 33-193.**

Senseramente,

EDDIE BAZA CALVO

2264

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2016 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LÅHEN GUÅHAN*

This is to certify that **Substitute Bill No. 187-33 (COR), "AN ACT TO *AMEND* CHAPTER 35 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE GUAM ACCOUNTANCY ACT OF 2003; AND TO *REPEAL* AND *REENACT* CHAPTER 2 OF TITLE 25, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO POLICIES WITHIN THE ADMINISTRATIVE RULES AND REGULATIONS OF THE GUAM BOARD OF ACCOUNTANCY,"** was on the 2nd day of December 2016, duly and regularly passed.

Judith T. Won Pat, Ed.D.
Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'låhen Guåhan* this 5th day of Dec, 2016, at 4:10 o'clock P.M.

Assistant Staff Officer
Maga'låhi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'låhen Guåhan

Date: DEC 15 2016

Public Law No. 33-193

OFFICE OF THE GOVERNOR
CENTRAL FILES
RECEIVED BY
TIME 4:10 PM DATE 12-15-16

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2015 (FIRST) Regular Session

Bill No. 187-33 (COR)
As substituted on the Floor.

Introduced by: B. J.F. Cruz
T. C. Ada
V. Anthony Ada
FRANK B. AGUON, JR.
Frank F. Blas, Jr.
James V. Espaldon
Brant T. McCreadie
Tommy Morrison
T. R. Muña Barnes
R. J. Respicio
Dennis G. Rodriguez, Jr.
Michael F.Q. San Nicolas
Mary Camacho Torres
N. B. Underwood, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO *AMEND* CHAPTER 35 OF TITLE 22, GUAM CODE ANNOTATED, RELATIVE TO THE GUAM ACCOUNTANCY ACT OF 2003; AND TO *REPEAL* AND *REENACT* CHAPTER 2 OF TITLE 25, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO POLICIES WITHIN THE ADMINISTRATIVE RULES AND REGULATIONS OF THE GUAM BOARD OF ACCOUNTANCY.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the Guam Board of Accountancy (GBA) regulates the practice of public accountancy, as well as the administration of testing, certification, and licensure of

certified public accountants (CPAs) for the purpose of protecting the welfare of the general public. *I Liheslaturan Guåhan* further finds that most State boards of accountancy subscribe to regulatory and professional standards incorporated in the Uniform Accountancy Act (UAA), a model code issued and periodically updated by the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA).

Having essentially adopted all of the provisions of the UAA with the enactment of the Guam Accountancy Act of 2003 (Act), and having last amended the Act in 2006, GBA has, during the ensuing seven (7) years, determined it is now necessary to incorporate several definitive technical clarifications in Guam's public accountancy statutes including: (1) updating and clarifying educational qualifications required of candidates for the CPA Exam; (2) updating of reciprocity requirements relative to national and international 'mobility' standards; (3) updating definitions relative to evolving professional accounting standards and standard setting organizations; (4) updating the Act for changes in the computer-based CPA exam administrative procedures; and (5) clarification of the existing Act as originally passed and amended to date.

It is, therefore, the intent of *I Liheslaturan Guåhan* to revise existing statutes, as well as administrative rules and regulations, for the purpose of bettering Guam's compliance with and administration of nationally and internationally accepted standards and practices of public accountancy.

Section 2. § 35103(b) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(b) *Attest* means providing the following services:

(1) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(2) any review of a financial statement to be performed in

accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(3) any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE);

(4) any engagement to be performed in accordance with the standards of the PCAOB; and

(5) any examination, review, or agreed upon procedures engagement to be performed in accordance with the SSAE, other than an examination described in Subsection (3).

The standards specified in this definition *shall* be adopted by reference by the Board pursuant to rulemaking and *shall* be those developed for general application by recognized national accountancy organizations such as the AICPA and the PCAOB."

Section 3. § 35103(r) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(r) *State* means any State of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands; except that *this State* means the Territory of Guam."

Section 4. § 35103(s) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(s) *Substantial Equivalency* is a determination by the Board of Accountancy or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act or that

an individual CPA's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act. In ascertaining substantial equivalency as used in this Act, the Board *shall* take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained."

Section 5. A new Subsection (v) is *added* to § 35103 of Chapter 35, Title 22, Guam Code Annotated, to read:

"(v) *Home Office* is the location specified by the client as the address to which a service described in § 35122(a)(4) is directed."

Section 6. § 35104(a) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(a) There is hereby created the Guam Board of Accountancy, which *shall* have responsibility for the administration and enforcement of this Chapter. The Board *shall* consist of five (5) members appointed by *I Maga'låhi*, all of whom *shall* be residents of Guam and holders of licenses currently valid under § 35105 of this Chapter. The term of each member of the Board *shall* be four (4) years. Vacancies occurring during a term *shall* be filled by appointment by *I Maga'låhi* for the unexpired remaining term. Upon the expiration of a member's term of office, such member *shall* continue to serve until a successor *shall* have been appointed and takes office. Any member of the Board whose license under § 35105 of this Chapter is revoked or suspended *shall* automatically cease to be a member of the Board. *I Maga'låhi* may, after a hearing pursuant to the Administrative Adjudication Law, remove any member of the Board for neglect of duty or other cause."

Section 7. § 35104(g) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(g)(1) The Board *shall* have the power to take all action that is necessary and proper to effectuate the purposes of this Chapter, including the power to sue and be sued in its official name as an agency of Guam. The Board *shall* also have the power to issue subpoenas to compel the attendance of witnesses and the production of documents; to administer oaths; to take testimony; to cooperate with the PCAOB and the appropriate State and federal regulatory authorities having jurisdiction over the professional conduct in question in investigation and enforcement concerning violations of this Chapter and comparable acts of other states; to cooperate in enforcement with appropriate foreign regulatory authorities in instances which have or may result in criminal conviction, loss of license or suspension, admonishment or censure; and to receive evidence concerning all matters within the scope of this Chapter. In case of disobedience of a subpoena, the Board may invoke the aid of any court or other appropriate regulatory authority in requiring the attendance and testimony of witnesses and the production of documentary evidence. For purposes of this Subsection, 'appropriate foreign regulatory authorities' *shall* be those foreign authorities granting substantially equivalent foreign designations in accordance with § 35106(h) of this Chapter.

(2) The Board, its members, and its agents *shall* be immune from personal liability for actions taken in good faith in the discharge of the Board's responsibilities, and the government of Guam *shall* hold the Board, its members, and its agents harmless from all costs, damages, and attorneys' fees arising from claims and suits against them with respect to matters to which such immunity applies."

Section 8. A new Subsection (j) is *added* to § 35104 of Chapter 35, Title 22, Guam Code Annotated, to read:

"(j) Records, papers, and other documents containing information

collected or compiled by the Board, its members, employees, contractors, or agents, including its legal counsel, as a result of a complaint, investigation, inquiry, or interview in connection with an application for examination, certification, or registration, or in connection with a licensee's professional ethics and conduct, *shall not* be considered public records within the meaning of Guam's public records laws. Additionally, any record, paper, or other document received by the Board as a result of a self-reporting requirement *shall not* be considered public records within the meaning of Guam's public records laws. When any such record, paper, or other document is admitted into evidence in a hearing held by the Board, it *shall* then be a public record within the meaning of Guam's public records laws. However, upon a showing of good cause, the presiding officer at such a hearing may order that confidential or privileged information be redacted or admitted under seal.

(1) Notwithstanding any other provision of this Chapter, information protected by this confidentiality provision *shall not* be disclosed to other authorities unless the recipient confirms in writing that it will assure preservation of confidentiality, and the licensee has been given reasonable notice that the information will be provided to another entity.

(2) Notwithstanding any contrary provision in Guam's public records laws, disclosures to law enforcement and regulatory authorities and, only to the extent deemed necessary to conduct an investigation, to the subject of the investigation, persons whose complaints are being investigated and witnesses questioned in the course of investigation, as provided in § 35110(b), *shall not* be considered public disclosures and *shall not* deprive such records of their confidential status.

(3) Nothing in this Subsection *shall* be construed as a waiver of any privilege, such as attorney-client privilege, which may also apply to any

records covered by this Subsection.

(4) Nothing in this Subsection *shall* confer confidential status on any record collected under this Subsection that was a public record when collected or thereafter becomes a public record through other lawful means."

Section 9. § 35105(c) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(c) The education requirement for a certificate and license, which must be met before an applicant is eligible to take the examination prescribed in Subsection (d), *shall* be as follows:

(1) during the five (5)-year period immediately following the effective date of this amendment, *at least* a college education, including a baccalaureate, or higher, degree or its equivalent conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration, or equivalent, as determined by Board rule to be appropriate;

(2) After the expiration of the five (5)-year period immediately following the effective date of this amendment, *at least* one hundred fifty (150) semester hours of college education, including a baccalaureate, or higher, degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule to be appropriate."

Section 10. § 35105(d)(1) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(1) The examination required to be passed as a condition for the granting of a certificate *shall* be held regularly throughout the year, and *shall* test the applicant's knowledge of the subjects of accounting and auditing, and

such other related subjects as the Board may specify by rule, including, but *not* limited to, business law and taxation. The time for holding such examination *shall* be determined by the Board and may be changed from time to time. The Board *shall* prescribe by rule the methods of applying for and conducting the examination, including the methods for grading and determining a passing grade required of an applicant for a certificate; provided, however, that the Board *shall* to the extent possible see to it that the examination itself, grading of the examination, and the passing grades, are uniform with those applicable in all other states. The Board may make such use of all or any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants, and may contract with third parties to perform such administrative services with respect to the examination as it deems appropriate to assist it in performing its duties hereunder."

Section 11. § 35105(d)(2) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(2) Notwithstanding § 35105(c), the educational requirement, which must be met *before* an applicant is qualified to take the examination prescribed in § 35105(d)(1), may be fulfilled by the completion of such educational requirement within eighteen (18) months following an applicant's taking of the examination. No credit for the examination *shall* be granted if the education requirement is not completed within such time."

Section 12. § 35105(f) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(f) An applicant for initial issuance of a certificate and inactive license under this § 35105 *shall* show that the applicant has met the education and examination requirements as defined herein and as prescribed by the

Board by rule.

An applicant for initial issuance of a certificate and active license under this § 35105 *shall* show that the applicant has met the education and examination requirements, and has had two (2) years of experience as defined herein as prescribed by the Board by rule; or if the applicant's educational qualifications comprise *at least* one hundred fifty (150) semester hours of college education, including a baccalaureate, or higher, degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration, or equivalent, as determined by Board rule to be appropriate, then that such applicant *shall* have had one (1) year of experience as defined herein and as prescribed by the Board by rule. This experience *shall* include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which must be verified by an active licensee. Experience *shall* be acceptable if it was gained through employment in government, industry, academia, or public practice, meeting all the requirements prescribed by the Board by rule. To be authorized to sign reports on attest engagements, an applicant *shall* show that the applicant has had experience in attest services as prescribed by the Board by rule. The type of experience now acceptable can be applied retroactively.

An applicant for initial certification and active licensure who first sat for the exam as other than a Guam candidate and did *not* meet a one hundred fifty (150) hour educational requirement at the time of first sitting *shall* have had two (2) years of experience in the practice of public accountancy, meeting the requirements prescribed by the Board by rule.

An applicant for initial certification and active licensure who first sat for the exam as other than a Guam candidate and did meet a one hundred fifty

(150) hour educational requirement at the time of first sitting *shall* have had one (1) year of experience in the practice of public accountancy, meeting the requirements prescribed by the Board by rule."

Section 13. § 35106(a)(2) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(2) that they are eligible under the substantial equivalency standard set out in § 35122 of this Chapter which requires licensure for those CPAs that establish their principal place of business in another state. The holder of a license issued under this Section may only provide attest services, as defined, in a CPA firm that holds a permit issued under § 35107 of this Chapter."

Section 14. § 35106(c)(2) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(2) As an alternative to the requirements of § 35106(c)(1) of this Chapter, a certificate holder licensed by another State who establishes their principal place of business in Guam *shall* request the issuance of a license and Guam CPA Firm Permit to Practice from the Board prior to establishing such principal place of business. The Board *shall* issue a certificate and license to such person who obtains from the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act."

Section 15. § 35106(j) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(j) The Board has the *sole* authority to interpret the application of the provisions of Subsections (h) and (i) of this Section."

Section 16. A new Subsection (e) is *added* to § 35106 of Chapter 35, Title

22, Guam Code Annotated, to read:

"(e) The Board *shall* by rule require as a condition for renewal of a license under this Section, by any license holder who issues compilation reports for the public other than through a CPA firm, that such individual undergo, no more frequently than once every three (3) years, a peer review conducted in such manner as the Board *shall* by rule specify, and such review *shall* include verification that such individual has met the competency requirements set out in professional standards for such services."

Section 17. § 35107(a) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(a) The Board *shall* grant or renew permits to practice as a CPA firm to applicants that demonstrate their qualifications therefor in accordance with this Section.

(1) The following must hold a permit issued under this Section:

(A) any firm with an office in Guam performing attest services as defined in § 35103(b) of this Chapter;

(B) any firm with an office in Guam that uses the title 'CPA' or 'CPA firm'; or

(C) any firm that does not have an office in Guam but performs attest services described in § 35103(b)(1), (3), (4), or (5) of this Chapter for a client having its home office in Guam.

(2) A firm which does not have an office in Guam may perform services described in § 35103(b)(2) or § 35103(f) for a client having its home office in Guam and may use the title 'CPA' or 'CPA firm' without a permit issued under this Section only if:

(A) it has the qualifications described in Subsections (d)

and (i) of this Section; and

(B) it performs such services through an individual with practice privileges under § 35122 of this Chapter.

(3) A firm which is not subject to the requirements of Subsections (a)(1)(C) or (a)(2) of this Section may perform other professional services while using the title 'CPA' or 'CPA firm' in Guam without a permit issued under this Section only if:

(A) it performs such services through an individual with practice privileges under § 35122 of this Chapter; and

(B) it can lawfully do so in the State where said individuals with practice privileges have their principal place of business."

Section 18. § 35107(d)(1) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(1) Notwithstanding any other provision of law, a simple majority of the ownership of the CPA firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members, or managers, whose principal place of business is in Guam, and who perform professional services in Guam hold a valid license issued under § 35106 or the corresponding provision of prior law. Although CPA firms may include non-licensee owners, the CPA firm and its ownership must comply with rules promulgated by the Board. An individual who has practice privileges under § 35122 who performs services for which a firm permit is required under § 35122(a)(4) *shall not* be required to obtain a license from Guam pursuant to § 35106 of this Chapter."

Section 19. § 35107(d)(2) of Chapter 35, Title 22, Guam Code Annotated, is

hereby *amended* to read:

"(2) Any CPA firm as defined in this Chapter may include non-licensee owners, provided that:

(A) the CPA firm designates a licensee of Guam, or in the case of a firm which must have a permit pursuant to § 35122(a)(4), a licensee of another State who meets the requirements set out in §§ 35122(a)(1) or 35122(a)(2), who is responsible for the proper registration of the firm and identifies that individual to the Board;

(B) all non-licensee owners are of good moral character and active individual participants in the CPA firm or affiliated entities; and

(C) the CPA firm complies with such other requirements as the Board may impose by rule."

Section 20. § 35107(d)(3) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(3) Any individual licensee and any individual granted practice privileges under this Chapter who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on behalf of the CPA firm, *shall* meet the competency requirements set out in the professional standards for such services as prescribed by the Board by rule."

Section 21. § 35107(d)(4) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(4) Any individual licensee and any individual granted practice privileges under this Chapter who signs or authorizes someone to sign the accountant's report on behalf of the CPA firm *shall* meet the competency requirement of Subsection (d)(3) of this Section."

Section 22. § 35109(a)(4) of Chapter 35, Title 22, Guam Code Annotated, is

hereby *amended* to read:

"(4) Revocation or suspension of the right to practice before any State or federal regulatory authority or by the PCAOB;"

Section 23. § 35109(a)(11) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(11) Making any false or misleading statement or verification, in support of an application for a certificate or Firm Permit to Practice filed by another; or"

Section 24. § 35111(k) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(k) In any case where the Board renders a decision imposing discipline under §§ 35109, 35111, or 35122, against a licensee or CPA firm, or an individual granted privileges under § 35122, the Board *shall* examine its records to determine whether the licensee or CPA firm, or individual holds a license or permit or practice privilege in any other State or is subject to the PCAOB's authority; and if so, the Board *shall* notify the State Boards of Accountancy and any other regulatory authorities, including the PCAOB if applicable, of its decision, immediately in the case of a consent order and in all other cases when the time for petitioning for review of the Board's decision has expired. Such immediate notice *shall* indicate whether or not the consent order has been petitioned for review and whether or not the subject order has been stayed. Subject to § 35104(j) of this Chapter, the Board may also furnish information relating to proceedings resulting in disciplinary action to other public authorities and to private professional organizations having a disciplinary interest in the licensee or CPA firm or individual. Where a petition for review has been filed pursuant to § 35111(j), the notification and furnishing of information provided for in this Subsection *shall* await the

resolution of such review and, if the resolution is in favor of the licensee or CPA firm, or individual granted privileges under § 35122 of this Chapter, no such notification or furnishing of information *shall* be made."

Section 25. § 35113(a) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(a) Only licensees and individuals who have practice privileges under § 35122 of this Chapter may issue a report on financial statements of any person, firm, organization, or governmental unit, or offer to render or render any attest or compilation service, as defined herein. This restriction *does not* prohibit any act of a public official or public employee in the performance of that person's duties as such; or prohibit the performance by any non-licensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. Non-licensees may prepare financial statements and issue non-attest transmittals or information thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS)."

Section 26. § 35113(b) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(b) Licensees and individuals who have practice privileges under § 35122 of this Chapter performing attest or compilation services must provide those services in accordance with applicable professional standards."

Section 27. § 35113(c) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(c) No person not holding a valid license in accordance with § 35106, or a practice privilege pursuant to § 35122 of this Chapter, *shall* use

or assume the title 'certified public accountant', or the abbreviation 'CPA', or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant."

Section 28. § 35113(d) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(d) No firm *shall* provide attest services or assume or use the title 'certified public accountants', or the abbreviation 'CPAs', or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is a CPA firm unless (1) the firm holds a valid permit issued under § 35107 of this Chapter; and (2) ownership of the firm is in accord with this Chapter and rules promulgated by the Board."

Section 29. § 35113(h) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(h) No person holding a license or firm holding a permit under this Chapter *shall* use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter; provided, however, that the names of one (1) or more former partners, members, managers, or shareholders may be included in the name of a firm, or its successor. A common brand name, including common initials, used by a CPA firm in its name, is not misleading if said firm is a Network Firm as defined in the AICPA Code of Professional Conduct (Code) in effect on December 15, 2014 and, when offering or rendering services that require independence under AICPA standards, said firm must comply with the Code's applicable standards on independence."

Section 30. A new Subsection (o) is *added* to § 35113 of Chapter 35, Title 22, Guam Code Annotated, to read:

"(o) Notwithstanding anything to the contrary in this Section, it *shall not* be a violation of this Section for a firm that does not hold a valid permit under § 35107 of this Chapter, and that does not have an office in Guam, to provide its professional services in Guam so long as it complies with the requirements of § 35107(a)(2) or (3) of this Chapter, whichever is applicable."

Section 31. § 35115(a) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(a) Whenever, by reason of an investigation under § 35110 of this Chapter or otherwise, the Board has reason to believe that any person or firm has knowingly engaged in acts or practices that constitute a violation of § 35113, or any other provision of this Chapter, or any rule adopted by the Board, the Board may bring its information to the attention of the Attorney General of Guam or any State (or other appropriate law enforcement officer) who may, in the officer's discretion, cause appropriate criminal proceedings to be brought thereon."

Section 32. § 35117 of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"**§ 35117. Confidential Communications.**

Except by permission of the client for whom a licensee performs services, or the heirs, successors, or personal representatives of such client, a licensee under this Chapter *shall not* voluntarily disclose information communicated to the licensee by the client relating to and in connection with services rendered to the client by the licensee. Such information *shall* be deemed confidential; provided, however, that nothing herein *shall* be construed as prohibiting the disclosure of information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements or as prohibiting compliance with

applicable laws, government regulations, or PCAOB requirements, disclosures in court proceedings, in investigations or proceedings under §§ 35110 or 35111 of this Chapter, in ethical investigations conducted by private professional organizations, or in the course of peer reviews, or to other persons active in the organization performing services for that client on a need to know basis or to persons in the entity who need this information for the sole purpose of assuring quality control."

Section 33. § 35122(a)(1) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(1) An individual whose principal place of business is not in Guam and who holds a valid license as a certified public accountant from any State which the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act *shall* be presumed to have qualifications substantially equivalent to Guam's requirements, and *shall* have all the privileges of licensees of Guam without the need to obtain a license under §§ 35105 or 35106 of this Chapter. Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this Section *shall* be granted practice privileges in Guam, and no notice or other submission *shall* be provided by any such individual. Such an individual *shall* be subject to the requirements in Subsection (a)(3) of this Section."

Section 34. § 35122(a)(2) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(2) An individual whose principal place of business is *not* in Guam and who holds a valid license as a certified public accountant from any State which the NASBA National Qualification Appraisal Service has *not* verified

to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act *shall* be presumed to have qualifications substantially equivalent to Guam's requirements, and *shall* have all the privileges of licensees of Guam without the need to obtain a license under §§ 35105 or 35106 of this Chapter, if such individual obtains from the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act. Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other State prior to January 1, 2012 may be exempt from the education requirement in § 35105(c)(2) of this Chapter for purposes of this Subsection. Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone, or electronic means, under this Section *shall* be granted practice privileges in Guam, and no notice or other submission *shall* be provided by any such individual. Such an individual *shall* be subject to the requirements in Subsection (a)(3) of this Section."

Section 35. § 35122(a)(3) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(3) Any individual licensee of another State exercising the privilege afforded under this Section and the firm which employs that licensee hereby simultaneously consents, as a condition of the grant of this privilege:

(A) to the personal and subject matter jurisdiction and disciplinary authority of the Board;

(B) to comply with this Chapter and the Board's rules;

(C) that in the event the license from the State of the individual's principal place of business is no longer valid, the

individual will cease offering or rendering professional services in Guam individually and on behalf of a firm; and

(D) to the appointment of the State Board which issued their license as their agent upon whom process may be served in any action or proceeding by this Board against the licensee."

Section 36. A new Subsection (a)(4) is *added* to § 35122 of Chapter 35, Title 22, Guam Code Annotated, to read:

"(4) Any individual who has been granted practice privileges under this Section who performs any attest service described in § 35103(b) may only do so through a firm which meets the requirements of § 35107(a)(1)(C) or which has obtained a permit issued under § 35107 of this Chapter."

Section 37. § 35122(c) of Chapter 35, Title 22, Guam Code Annotated, is hereby *repealed.*

Section 38. § 35103(p) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(p) *Report*, when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term 'report' includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred

to and/or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence."

Section 39. § 35113(g)(1) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(1) Non-licensees may *not* use language in any statement relating to the affairs of a person or entity which is conventionally used by licensees in reports on financial statements or on any attest service as defined herein. In this regard, the Board *shall* issue safe harbor language that non-licensees may use in connection with such financial information."

Section 40. § 35113(i) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(i) None of the foregoing provisions of this § 35113 *shall* have any application to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy or its equivalent in such country, whose activities in Guam are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds such entitlement, who performs no attest or compilation services as defined in this Chapter and who issues no reports as defined in this Chapter with respect to the information of any other persons, firms, or governmental units in Guam, and who does not use in Guam any title or designation other than the one under which the person practices in such country, followed by a translation of such title or designation into the English language, if it is in a different language, and by the name of such country."

Section 41. § 35106(d) of Chapter 35, Title 22, Guam Code Annotated, is

hereby *amended* to read:

"(d) For renewal of a license under this § 35106 each licensee *shall* participate in a program of learning designed to maintain professional competency. Such program of learning must comply with rules adopted by the Board. The Board may by rule create an exception to this requirement for licensees who do not perform or offer to perform for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements, or of one (1) or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Licensees granted such an exception by the Board must place the word 'inactive' or such other indicative wording as the Board may prescribe by rule, adjacent to their CPA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate, on which their CPA title appears. A licensee availing of such exception who desires to resume performing or offering to perform services for the public as described in this Section must comply with the rules adopted by the Board for 'reactivation' of their license."

Section 42. § 35103(h) of Chapter 35, Title 22, Guam Code Annotated, is hereby *amended* to read:

"(h) *License* means a certificate or license issued under § 35106 of this Chapter; a permit issued under § 35107 of this Chapter; or in each case, a certificate, license, or permit issued under corresponding provisions of prior law."

Section 43. § 35113(e) of Chapter 35, Title 22, Guam Code Annotated, is hereby *repealed*.

Section 44. § 35113(f) of Chapter 35, Title 22, Guam Code Annotated, is

hereby *amended* to read:

"(f) No person or firm not holding a valid license or permit issued under §§ 35106 or 35107 of this Chapter, or a practice privilege pursuant to § 35122 of this Chapter, *shall* assume or use the title '*certified accountant*,' '*chartered accountant*,' '*enrolled accountant*,' '*licensed accountant*,' '*registered accountant*,' '*accredited accountant*,' '*public accountant*,' or any other title or designation likely to be confused with the title '*certified public accountant*,' or use any of the abbreviations '*CA*,' '*LA*,' '*RA*,' '*AA*,' '*PA*,' or similar abbreviation likely to be confused with the abbreviation '*CPA*.' The title '*Enrolled Agent*' or '*EA*' may only be used by individuals so designated by the Internal Revenue Service."

Section 45. Chapter 2 of Title 25, Guam Administrative Rules and Regulations is hereby *repealed* and *reenacted* to read:

"CHAPTER 2

GUAM ACCOUNTANCY ACT ADMINISTRATIVE RULES

§ 2101. Preamble.

§ 2102. Terms Used in The Rules.

§ 2103. Guam Board of Accountancy.

§ 2104. Certified Public Accountants.

§ 2105. Issuance of Certificates and Licenses, Renewal of Licenses, Continuing Professional Education and Reciprocity.

§ 2106. Permits to Practice – Firms.

§ 2107. Enforcement Actions Against Licensees.

§ 2108. Enforcement Procedures – Investigations.

§ 2109. Enforcement Procedures – Hearings by the Board.

§ 2110. Reinstatement.

§ 2111. Unlawful Acts.

§ 2112. Substantial Equivalency.

§2113. Code of Professional Conduct.

§ 2101. Preamble. These Rules are adopted by the Guam Board of Accountancy, pursuant to its authority under Title 22 GCA Chapter 35. The purpose of these Rules is to promote and protect the public interest by implementing the provisions of that Chapter, which provide for the issuance of certificates and licenses as certified public accountants; the renewal of licenses; the issuance and renewal of Firm Permits to Practice; and the regulation of licensees, all to enhance the reliability of information which is used for guidance in financial transactions or accounting for or assessing the financial status or performance of commercial, noncommercial and governmental enterprises.

§ 2102. Terms Used in These Rules. For purposes of these Rules, the following terms have the meanings indicated:

(a) *Act* means Title 22, Chapter 35 (the Guam Accountancy Act of 2003), as amended from time to time.

(b) *Financial statements* means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does *not* include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

(c) *Agreed upon procedure* means an engagement that is to be

performed in accordance with applicable attestation standards and is one in which a licensee is engaged to issue a written finding(s) that (1) is based on specific procedures that the specified parties agree are sufficient for their purposes; (2) is restricted to the specified parties; and (3) does not provide an opinion or negative assurance.

(d) *Audit* means the procedures performed in accordance with applicable auditing standards for the purpose of expressing or disclaiming an opinion on the fairness with which the historical financial information is presented in conformity with generally accepted accounting principles, another comprehensive basis of accounting, or basis of accounting described in the report.

(e) *Professional engagement* means an agreement between a client and a licensee relative to the performance of professional services and the services performed under this agreement.

(f) *License* means any certificate and license or permit issued under §§ 35106 or 35107 of the Act, or a certificate or individual permit to practice issued under corresponding provisions of prior law, with one of the following statuses, as prescribed by the Board by rule:

(1) *Active license status* means a license issued and timely renewed under § 35106 of the Act to an applicant fulfilling all education, examination and experience requirements of § 35105 of the Act. An active license status entitles the licensee to practice public accountancy in Guam. Active status licenses issued after October 1, 2005, will indicate on the face thereof whether the licensee has fulfilled the attest experience requirements and is authorized to perform attest services in Guam;

(2) *Inactive license status* means a license issued and timely renewed under § 35106 of the Act to an applicant fulfilling only the education and examination requirements, but not the experience requirements, of § 35105 of the Act. Inactive status licenses may also be granted by the Board as an exception under § 35106(d) of the Act, as prescribed by rule. An inactive status licensee is not authorized to and *shall not* practice public accountancy in Guam. All inactive status licensees are granted an exception under 25 GAR § 2105(g)(1) to the CPE renewal requirements of 25 GAR § 2105(d)(1), and must comply with the requirements of 25 GAR §2105(g) applicable to each inactive status licensee's exception;

(3) *Retired license status* means any valid, timely renewed active status or inactive status license that a licensee requests be granted retired status as an exception by the Board under § 35106(d) of the Act, as prescribed by rule. Retired status licensees are granted an exception under 25 GAR § 2105(g)(1) to the CPE renewal requirements of 25 GAR § 2105(d)(1) and must comply with the requirements of 25 GAR § 2105(g) applicable to their exception; and

(4) *Delinquent license status* means any certificate, license or permit issued under the Act, or under corresponding provisions of prior law, that is *not* timely renewed under §§ 35106 or 35107 of the Act or as prescribed by the Board by rule.

§ 2103. Guam Board of Accountancy. (a) Board Meetings. The Board *shall* meet at least four (4) times each year. The first meeting of the Board in each calendar year *shall* be known as the annual meeting. The

Board's purpose is to carry out its duties as stated in the Guam Accountancy Act and the Guam Accountancy Act Rules. The chair or a quorum of the Board *shall* have the authority to call meetings of the Board. The Board *shall* follow and apply these Rules of procedure set forth in 5 GCA Chapter 43 regarding notice and conduct of meetings.

(b) Election and Tenure of Officers. At its first meeting in each calendar year, the Board *shall* elect from among its members a chairperson, a vice chairperson, and such other officers as the Board may require. The officers *shall* assume the duties of their respective offices at the conclusion of the annual meeting at which they were elected. They *shall* serve a term of one (1) year, but *shall* be eligible for reelection.

(c) Duties of Officers. The chairperson or, in the event of the chairperson's absence or inability to act, the vice chairperson *shall* preside at all meetings of the Board. The Board *shall* determine the duties of the officers at the annual meeting.

(d) Fees. Fees charged by the Board *shall* be as established from time to time. The fees effective January 01, 2017, are as follows:

(1) Exam Applications (Initial and Re-Exam).

(A) Application Processing Fee - Fifty Dollars ($50.00)/application.

(B) NASBA/Prometric/AICPA Fees *shall* be determined by the actual amounts specified in the CBT Services Agreement between AICPA, NASBA, and Prometric, as amended from time to time.

(C) Jurisdictional Testing Fee *shall* be determined by the actual amounts specified in the agreement between Guam Board of Accountancy and NASBA's CPA Examination

Services, or its successor entity, as amended from time to time.

(i) The Jurisdictional Testing Fee to be given to Guam Board of Accountancy will be rebated or waived for those applicants who demonstrate Guam residency.

(D) Application for Expiration Extensions (for Notice to Schedule, Conditional Credits, etc.) - Fifty Dollars ($50.00)/application.

(2) Certification/Licensure.

(A) Initial.

(i) Active, per 22 GCA, § 35105(f) - Two Hundred Twenty-Five Dollars ($225.00).

(ii) Inactive, per 22 GCA, § 35105(f) - Two Hundred Twenty-Five Dollars ($225.00).

(iii) Foreign, per 22 GCA, § 35106(h) - Two Hundred Twenty-Five Dollars ($225.00).

(iv) Substantial Equivalency, per 22 GCA, § 35122 - Two Hundred Twenty-Five Dollars ($225.00).

(B) Renewal (annually).

(i) Active, per 22 GCA, § 35105(f) - One Hundred Dollars ($100.00).

(ii) Inactive, per 22 GCA, § 35105(f) - One Hundred Dollars ($100.00).

(iii) Foreign, per 22 GCA, § 35106(h) - One Hundred Dollars ($100.00).

(iv) Substantial Equivalency, per 22 GCA, § 35122 - One Hundred Seventy-Five Dollars ($175.00).

(v) Retired, per 22 GCA, § 35106(d) - One

Hundred Dollars ($100.00).

(C) Reactivation or Reinstatement.

(i) Active, per 22 GCA, § 35105(f) - Two Hundred Seventy-Five Dollars ($275.00).

(ii) Inactive, per 22 GCA, § 35105(f) - Two Hundred Seventy-Five Dollars ($275.00).

(iii) Foreign, per 22 GCA, § 35106(h) - Two Hundred Seventy-Five Dollars ($275.00).

(iv) Substantial Equivalency, per 22 GCA, § 35122 - Two Hundred Seventy-Five Dollars ($275.00).

(D) Provisional (every ninety (90) days).

(i) Active, per 22 GCA. § 35105(f) - One Hundred Dollars ($100.00).

(ii) Inactive, per 22 GCA, § 35105(f) - One Hundred Dollars ($100.00).

(iii) Foreign, per 22 GCA, § 35106(h) - One Hundred Dollars ($100.00).

(iv) Substantial Equivalency, per 22 GCA, § 35122 - One Hundred Seventy-Five Dollars ($175.00).

(3) Firm Permits to Practice.

(A) Initial, per 22 GCA, § 35107(d) - Two Hundred Seventy-Five Dollars ($275.00).

(B) Renewal, per 22 GCA, § 35107(d) - Two Hundred Twenty-Five Dollars ($225.00) (annually).

(C) Reinstatement, per 22 GCA, § 35107(d) - Two Hundred Seventy-Five Dollars ($275.00).

(D) Provisional, per 22 GCA, § 35107(c) - Two

Hundred Twenty-Five Dollars ($225.00) (every ninety (90) days).

(4) Delinquency fee for late filing of any required CPE forms, or license/permit renewal application forms - Seventy-Five Dollars ($75.00) per form.

(5) Copies of records - Seventy-Five Cents ($0.75)/page.

(6) Annual reports of the Board - Twenty-Five Dollars ($25.00)/copy.

(7) Requests for InterState Exchange of Information for

- Uniform CPA Examination Scores;

- CPA License Status; or

- Disciplinary Action (if applicable) - Twenty-Five Dollars ($25.00).

(e) Obligation of Licensees to Notify the Board of Changes of Address and Other Information.

All holders of any license(s) issued pursuant to §§ 35106, 35107, or 35122 of the Act *shall* notify the Board in writing within thirty (30) days of any change of address or, in the case of individual licensees, any change of employment.

(f) Communications.

Holders of any license(s) issued pursuant to §§ 35106, 35107, or 35122 of the Act *shall* respond in writing to any communication from the Board requesting a response, within thirty (30) days of the mailing of such communication by registered or certified mail, to the last address furnished to the Board by the holders of said license(s).

(g) Reconsideration of Board Actions on Applications for License.

Any applicant for a license who is aggrieved by an action taken by the

Board with respect to such application may request the Board to reconsider such action. Any such request *shall* be filed within sixty (60) days of the mailing of the Board's letter advising the applicant of the action complained of, and *shall* contain the following information:

(1) the name and address of the applicant;

(2) the date of the Board's letter advising the applicant of the action of the Board complained of; and

(3) a statement of any facts or consideration to which the applicant believes the Board failed to give due weight.

§ 2104. Certified Public Accountants.

(a) Education Requirements – Definitions.

(1) *Semester credit hour* (SCH) means the conventional college semester credit hour. 'Quarter credit hours' may be converted to semester credit hours by multiplying them by two-thirds; i.e., one quarter credit hour equals two-thirds of a semester credit hour.

(2) *College(s)* or *university(s)* means board-recognized institution(s) of higher education accredited by generally recognized accrediting organizations.

(3) *Accreditation* reflects the quality control of the education process provided by generally recognized regional and/or national accreditation organizations. The Rules refer to three (3) levels of accreditation. Level 1 represents the most comprehensive review at the accounting program level and Level 3 is the least comprehensive review at the college or university level. Colleges or universities without accreditation, as defined below, would generally lack any level of accreditation including the college or university, the business school or program ('business school'), and/or the accounting department or

program ('accounting program').

(A) Level 1 accreditation – the accounting program. In a Level 1 accreditation, the college or university, business school, and the accounting program are separately accredited. This level applies to an accounting program that is accredited by an organization recognized by the Council for Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization, such as the Association to Advance Collegiate Schools of Business-International (AACSB). Accredited accounting programs have met standards substantially higher and much more specific than those required for Level 2 or Level 3 accreditation.

(B) Level 2 accreditation – the business school. In a Level 2 accreditation, the college or university and the business school are accredited, but the accounting program is not separately accredited. This level applies to a business school that is accredited by an organization recognized by the Council for Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization, such as the AACSB or the Association of Collegiate Business Schools and Programs (ACBSP).

(C) Level 3 accreditation – the college or university. In a Level 3 accreditation, the college or university is accredited, but neither the business school nor the accounting program meet Level 1 or Level 2 accreditation requirements. This level applies to a degree-granting college or university that is not accredited at Level 1 or Level 2, but is accredited by an organization currently

recognized by the Council for Higher Education Accreditation as a regional accrediting organization, such as Middle States Association of Colleges and Schools, New England Association of Schools and Colleges Commission on Colleges or Universities of Higher Education, North Central Association of Colleges and Schools, The Higher Learning Commission, Northwest Commission on Colleges and Universities, Southern Association of Colleges and Schools Commission on Colleges, and Western Association of Schools and Colleges Accrediting Commission for Senior Colleges and Universities.

(D) College or university without accreditation – an educational institution or entity that does not have an accreditation of either the college or university, business school, or accounting program; or a college or university accredited by organizations not recognized by the Board.

(4) *Integration of subject matter* means a program of learning where certain subjects, which may be discrete courses in some colleges or universities, are integrated or embedded within related courses. Colleges or universities that use an integrated approach to cover such multiple course subjects should provide evidence of the required coverage pursuant to 25 GAR § 2104(b)(4) and (5). Acceptance of integration of any subject matter requires Board approval.

(5) *Ethics* means a program of learning that provides students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior that is in the best interest of the public and profession. At a minimum, an ethics program should provide a foundation for ethical reasoning and

the core values of integrity, objectivity, and independence.

(6) *Internship* means faculty approved and appropriately supervised short-term work experience, usually related to a student's major field of study, for which the student earns academic credit.

(7) *Independent study* means academic work selected or designed by the student with the approval of the appropriate department of a college or university under faculty supervision. This work typically occurs outside of the regular classroom structure.

(b) Education Requirements - Determining Compliance of the Applicant's Education.

(1) The requirements are intended to provide a foundation in accounting and business course subjects. The program should:

(A) develop the skills required to apply the knowledge attained (including skills in communications, research, judgment and analysis);

(B) include and emphasize ethical behavior and professional responsibility; and

(C) provide the highest quality instruction in subjects that clearly contribute to the knowledge, skills, and abilities necessary to meet the public's expectations of a CPA.

(2) For purposes of § 35105(c) of the Act, an applicant will be deemed to have met the education requirement(s) if the Board has determined the applicant has met the requirements of 25 GAR § 2104(b)(3) and (4), together with appropriate consideration of 25 GAR § 2104(b)(1).

(3) Determining compliance of the applicant's education *shall* be accomplished through the Board's use of the following procedures:

(A) Reliance on accreditation, as defined in 25 GAR § 2104(a)(3), of the college or university, from which the candidate has obtained the necessary degree and hours as defined in 25 GAR § 2104(b)(4) for purposes of determining the acceptability of the degree and the amount of detailed review required for compliance with the accounting and business content.

State Boards may place significant reliance on the quality, content, and delivery method of accounting and business courses included in accounting degrees from Level 1 colleges or universities and as such, transcripts from such colleges or universities would require minimal or no Board review. Colleges or universities with Level 2 accreditation would require little or no Board review of transcripts in terms of the business content, but the accounting content would require more review than Level 1. Transcripts from a Level 3 college or university would require more detailed review by the Board for compliance with the accounting and business content. Degrees from colleges or universities without accreditation or with accreditation by an organization not recognized by the Board would generally not be acceptable.

(B) Reliance on other procedures and information where the degree and/or courses were obtained from a college or university(s) not meeting the accreditation requirements of 25 GAR § 2104(b)(3)(A). Accepting degrees or courses under 25 GAR § 2104(b)(4) should only be based on evidence of acceptable course content, instruction, and quality as would be expected by accreditation and as approved by the Board.

(C) Reliance on other procedures and information where the requirements of 25 GAR § 2104(b)(4) are met by integration of subject matter. The requirements set forth in 25 GAR § 2104(b)(5) should be used to determine compliance.

(4) An applicant *shall* be deemed to have satisfied the education requirements if the following conditions are met:

(A) earned a graduate degree and/or a baccalaureate degree at a college or university that is accredited as described in 25 GAR § 2104(a)(3), or its equivalent as certified by a credentials evaluation service approved by the Board;

(B) earned a minimum of twenty-four (24) SCH (or the equivalent) of accounting courses at the undergraduate or graduate level, excluding principles or introductory accounting courses, covering some or all of the following subject-matter content, which are to be contemporaneously derived from the Uniform CPA Examination Content Specification Outline (CSO):

(i) financial accounting and reporting for business organizations, government and not-for-profit entities;

(ii) auditing and attestation services;

(iii) managerial or cost accounting;

(iv) taxation;

(v) ethics (accounting course), as described in 25 GAR

§ 2104(b)(4)(F); or

(vi) other areas included in the CSO or as may be

approved by the Board;

(C) earned a minimum of two (2) SCH in research and analysis relevant to the course content described in 25 GAR § 2104(b)(4)(B) through a discrete undergraduate and/or graduate accounting course, or two (2) SCH integrated throughout the undergraduate and/or graduate accounting curriculum. Colleges or universities must provide evidence of coverage under integration as specified in 25 GAR § 2104(b)(5). The SCH earned through a discrete course in research and analysis in accounting may fulfill two (2) SCH of the accounting subject matter requirements in 25 GAR § 2104(b)(4)(B).

(D) Earned a minimum of twenty-four (24) SCH (or the equivalent) of business courses, other than accounting, at the undergraduate and/or graduate level, covering some or all of the following subject-matter content, as follows:

(i) a minimum of three (3) SCH in Business Law;

(ii) a minimum of six (6) SCH in Economics;

(iii) a minimum of three (3) SCH in Finance; and

(iv) other areas as may be approved by the Board;

(E) earned a minimum of two (2) SCH in communications in an undergraduate and/or a graduate course listed or cross-listed as an accounting or business course or two (2) SCH integrated throughout the undergraduate or graduate accounting or business curriculum. Colleges or universities must provide evidence of coverage under integration as specified in 25 GAR § 2104(b)(5). The SCH earned through a discrete course in communications may fulfill two (2) SCH of the subject matter

requirements of 25 GAR § 2104(b)(4)(D);

(F) earned a minimum of three (3) SCH in an undergraduate and/or a graduate course listed or cross listed as an accounting or business course in ethics as defined in 25 GAR § 2104(a)(5). A discrete three (3) SCH course in ethics may count towards meeting the accounting or business course requirements of 25 GAR §§ 2104(b)(4)(B) or 2104(b)(4)(D). As an alternative, colleges or universities may choose to integrate the course throughout the undergraduate and/or graduate accounting or business curriculum. Universities must provide evidence of coverage under integration as specified in 25 GAR § 2104(b)(5). Proof of coverage may be provided through specific evaluation by a national accrediting agency recognized by CHEA, such as AACSB or ACBSP, in which evidence is provided to assure the Board that the program of learning defined in 25 GAR § 2104(a)(5) has been adequately covered and at the equivalent of the three (3) SCH minimum. Alternate methods for proof of ethics coverage may be determined and approved by the Board following careful scrutiny.

(G) A maximum of six (6) SCH for internships and independent study, as defined in 25 GAR § 2104(a)(6) and (7), may count towards the subject matter requirements of 25 GAR § 2104(b)(4)(B) or (D). However, of the six (6) SCH, a maximum of three (3) SCH may apply to accounting courses under 25 GAR § 2104(b)(4).

(5) Colleges or universities that use an integrated approach to meet the requirements of 25 GAR §2104(b)(3)(C) and 25 GAR §2104(b)(4)(C), (E) or (F) must provide evidence that the respective subjects adequately cover the desired content, with acceptable instruction and quality to attain the

objectives. Proof of coverage may be provided through specific evaluation by a national accrediting agency recognized by CHEA, such as AACSB or ACBSP. Alternate methods for proof of coverage may be determined and approved by the Board following careful scrutiny.

(c) Applications for Examination.

(1) Applications to take the Certified Public Accountant Examination must be made on a form provided by the Board and filed with the Board by a due date specified by the Board in the application form.

(2) An application will not be considered filed until the application fee and examination fee required by the Rules and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, official transcripts and proof that the candidate has satisfied the education requirement.

(3) A candidate who fails to appear for the examination *shall* forfeit all fees charged for both the application and the examination.

(4) The Board, or its designee, will forward notification of eligibility (Authorization to Test) for the computer-based examination to NASBA's National Candidate Database.

(d) Time and Place of Examination.

Eligible candidates *shall* be notified of the time and place of the examination or *shall* independently contact the Board, the Board's designee, or a test center operator to schedule the time and place for the examination at an approved test site. Scheduling reexaminations must be made in accordance with 25 GAR § 2104(g)(2) of this Chapter.

(e) Examination Content.

The examination required by § 35105 of the Act *shall* test the knowledge and skills required for performance as an entry-level certified public accountant. The examination *shall* include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.

(f) Determining and Reporting Examination Grades.

A candidate *shall* be required to pass all Test Sections of the examination provided for in § 35105(d) of the Act in order to qualify for a certificate and license. Upon receipt of advisory grades from the examination provider, the Board will review and may adopt the examination grades and will report the official results to the candidate. The candidate must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Board.

(g) Retake and Granting of Credit Requirements.

(1) A candidate *shall* be required to pass all sections of the examination provided for in § 35105(d) of the Act in order to qualify for a certificate and license.

(2) A candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed *shall* be valid through the end of the eighteenth (18th) month after the actual month the candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the candidate has taken other Test Sections.

(A) Candidates must pass all four (4) Test Sections of the Uniform CPA Examination within a rolling eighteen (18)-month period, which begins in the month that the first Test Section(s) passed is taken.

(B) Candidates cannot retake a failed Test Section(s) in the same examination window. An examination window refers to a three (3)-month period in which candidates have an opportunity to take the CPA examination (comprised of two (2) months in which the examination is available to be taken and one (1) month in which the examination will *not* be offered while routine maintenance is performed and the item bank is refreshed). Thus, candidates will be able to test two (2) out of the three (3) months within an examination window.

(C) In the event all four (4) Test Sections of the Uniform CPA Examination are not passed within the rolling eighteen (18)-month period, credit for any Test Section(s) passed outside the eighteen (18)-month period will expire and that Test Section(s) must be retaken.

(3) A candidate *shall* retain credit for any and all Test Sections of the examination passed in another State if such credit would have been given under then applicable requirements in Guam.

(4) A candidate *shall* be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time valid credit for passing each of the four (4) Test Sections of the examination. For purposes of this Section, credit for passing a Test Section of the computer-based examination is valid from the actual month of the Testing Event for that Test Section, regardless of the date the candidate actually receives notice of the passing grade.

(5) Notwithstanding 25 GAR § 2104(g)(4), the Board may in particular cases extend the term of credit validity upon a showing that the credit was lost by reason of circumstances beyond the candidate's

control.

(h) Candidate Testing Fee.

The candidate *shall*, for each Test Section scheduled by the candidate, pay a candidate Testing Fee to the Board or its designee that includes the fees charged by the AICPA, NASBA, and the Test Delivery Service Provider(s), as well as application fees established by the Board.

(i) Cheating.

(1) Cheating by a candidate in applying for, taking, or subsequent to, the examination will be deemed to invalidate any grade otherwise earned by a candidate on any Test Section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(2) For purposes of this Rule, the following actions or attempted activities, among others, may be considered cheating:

(A) falsifying or misrepresenting educational credentials or other information required for admission to the examination;

(B) communication between candidates inside or outside the test site or copying another candidate's answers while the examination is in progress;

(C) communication with others inside or outside the test site while the examination is in progress;

(D) substitution of another person to sit in the test site in the stead of a candidate;

(E) reference to or possession of crib sheets, text books, or other material or electronic media (other than that provided to

the candidate as part of the examination) inside or outside the test site while the examination is in progress;

(F) violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so, or otherwise participating in the collection of test items for use, redistribution or sale;

(G) retaking or attempting to retake a Test Section by an individual holding a valid certificate and license or by a candidate who has unexpired credit for having already passed the same Test Section, unless the individual has been directed to retake a Test Section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a 'secret shopper' program.

(3) In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the candidate involved from the examination or move the candidate to a position in the Test Center away from other examinees where the candidate can be watched more closely.

(4) In any case where the Board believes that it has evidence that a candidate has cheated on the examination, including those cases where the candidate has been expelled from the examination, the Board *shall* conduct an investigation and may conduct a hearing consistent with the requirements of the 5 GCA § 9100 *et seq.* (the Administrative Adjudication Law) following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board *shall* decide:

(A) whether the candidate *shall* be given credit for any

portion of the examination completed in that session; and

(B) whether the candidate *shall* be barred from taking the examination and if so, for what period of time.

(5) In any case where the Board, or its representative, permits a candidate to continue taking the examination, it may, depending on the circumstances:

(A) admonish the candidate;

(B) seat the candidate in a segregated location for the rest of the examination;

(C) keep a record of the candidate's seat location and identifying information, and the names and identifying information of the candidates in close proximity of the candidate; and/or

(D) notify the National Candidate Database and the AICPA and/or the Test Center of the circumstances, so that the candidate may be more closely monitored in future examination sessions.

(6) In any case in which a candidate is refused credit for any Test Section of an examination taken, disqualified from taking any Test Section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other State to which the candidate may apply for the examination information as to the Board's findings and actions taken.

(j) Security and Irregularities. Notwithstanding any other provisions under these Rules, the Board may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a breach of examination security; unauthorized acquisition or disclosure of the contents of an

examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

(k) Good Moral Character.

(1) Applicants have the burden of demonstrating good moral character as defined by § 35105(b) of the Act in the manner specified by the Board in its application forms.

(2) Prima facie evidence of a lack of good moral character includes, but is not limited to:

(A) any deferred prosecution agreement involving an admission of wrongdoing, or any criminal conviction, including conviction following a guilty plea or plea of *nolo contendre*, for any felony or any crime, an essential element of which is fraud, dishonesty, deceit, or any other crime which evidences an unfitness of the applicant to practice public accountancy in a competent manner and consistent with public protection; or

(B) active or stayed revocation or suspension of any occupational license, privilege or other authority to practice any licensed occupation by or before any state, federal, foreign or other licensing or regulatory authority, provided the grounds for the revocation or suspension include wrongful conduct such as fraud, dishonesty, or deceit or any other conduct which evidences any unfitness of the applicant to practice public accountancy; or

(C) any act which would be grounds for revocation or suspension of a license if committed by a licensee of the Board.

(3) Factors which the Board may consider in determining rehabilitation of moral character include, but are not limited, to the

following: completion of criminal probation, restitution, community service, military or other public service, the passage of time without the commission of any further crime or act demonstrating a lack of moral character under 25 GAR § 2104(k)(2), the expungement of any conviction, or reduction of a conviction from a felony to misdemeanor.

§ 2105. Issuance of Certificates and Licenses, Renewal of Licenses, Continuing Professional Education, and Reciprocity.

(a) Applications.

Applications for initial certificates and licenses and for renewal of licenses pursuant to the Act *shall* be made on a form provided by the Board. Applications for renewal of licenses are due annually no later than June 30. Applications will not be considered filed until the applicable fee prescribed in these Rules is received. If an application for renewal is filed late, it *shall* also be accompanied by the delinquency fee prescribed in these Rules.

Applications for renewal of licenses *shall* be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under § 35106(d) of the Act and of these Rules.

Failure to meet the license renewal requirements by the deadlines set forth in these Rules will result in the license reverting to a delinquent status license. Any delinquent status license that is not renewed to an active, inactive or retired status within three (3) years of reverting to a delinquent status will be cancelled.

Submission of an application for an initial certificate and license, or for renewal of a license, *shall* constitute assurance of applicant's personal compliance with all applicable Guam business and tax laws and filing requirements, and assurance, to the best of applicant's knowledge, that

applicant owes no unpaid or delinquent tax obligations. A list of all applicants for initial certificates and licenses, and for renewal of licenses pursuant to the Act *shall* be submitted to the Director of the Department of Revenue and Taxation for verification of applicants' assurances regarding unpaid or delinquent taxes. Any new or renewing licensee having been issued a valid license and subsequently alleged to have a tax deficiency or delinquency with the Department of Revenue and Taxation *shall* be subject to disciplinary action by the Board in accordance with a violation of § 35109(a) of the Act if such alleged tax deficiency or delinquency is determined by the Board to exist and to have been known to licensee at the time of licensee's application for issuance or renewal of such license.

(b) Experience Required for Initial Certificate and Active License. The experience required to be demonstrated for issuance of an initial certificate and active status license pursuant to § 35105 of the Act *shall* have been obtained within the five (5) years prior to the date of application and *shall* meet the requirements of this Rule.

(1) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.

(2) The applicant *shall* have their experience verified to the Board by an active status licensee as defined in the Act or from another state. Acceptable experience *shall* include employment in industry, government, academia or public practice. The Board *shall* look at such factors as the complexity and diversity of the work. The applicant's experience *shall* have been performed in accordance with applicable professional standards. Experience in public accounting *shall* be completed under the supervision or in the employ of a person licensed

or otherwise having comparable authority under the laws of any State or country to engage in the practice of public accountancy. Experience in academia, private or governmental accounting or auditing, *shall* be completed under the supervision of an individual actively licensed by a State to engage in the practice of public accountancy. Experience in attest services *shall* be comprised of at least one thousand (1,000) hours of direct experience in providing attest services under the direct supervision of an individual licensed or otherwise having comparable authority under the laws of any State or country to engage in the practice of public accountancy and provide attest services.

(3) One (1) year of experience *shall* consist of full or part-time employment that extends over a period of no less than a year and no more than three (3) years, and includes no fewer than two thousand (2,000) hours of performance of services described in 25 GAR § 2105(b)(1) of this Chapter.

(c) Evidence of Applicant's Experience.

(1) Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so *shall*, upon request by the Board, explain in writing or in person the basis for such refusal.

(2) The Board may require any licensee who has furnished evidence of an applicant's experience to substantiate the information.

(3) Any applicant may be required to appear before the Board, or its representative, to supplement or verify evidence of experience.

(4) The Board may inspect documentation relating to an applicant's claimed experience.

(d) Continuing Professional Education Requirements for Renewal of

the License.

The following requirements of continuing professional education (CPE) apply to the renewal of licenses pursuant to § 35106 of the Act:

(1) An applicant seeking renewal of an active status license, *shall* show that the applicant has completed no less than one hundred twenty (120) hours of CPE complying with these Rules during the three (3) year period preceding renewal, with a minimum of twenty (20) hours of CPE in each year. An applicant seeking renewal of an active status license *shall* demonstrate participation in a program of learning, meeting the standards set forth in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by NASBA and AICPA.

(2) An applicant whose license has become delinquent *shall* complete no less than one hundred twenty (120) hours of CPE complying with these Rules during the three (3) year period preceding the date of application for reactivation. An applicant for reactivation of a delinquent license *shall* be required to identify and complete a program of learning designed to demonstrate the currency of the licensee's competency directly related to his or her area of service.

(3) An active status licensee granted an exception from the competency requirement by the Board may discontinue use of the word 'inactive' or 'retired' in association with their CPA title upon showing that they have completed no less than one hundred twenty (120) hours of continuing professional education complying with these Rules during the three (3) year period preceding their request to discontinue use of the word 'inactive' or 'retired.' An applicant for reactivation of an 'inactive' or 'retired' license *shall* be required to identify and

complete a program of learning designed to demonstrate the currency of the licensee's competency directly related to his or her area of service.

(e) Programs Qualifying for Continuing Professional Education Credit.

(1) Standards – A program qualifies as acceptable continuing professional education for purposes of § 35106(d) of the Act and these Rules if it is a program of learning which contributes to the growth in the professional knowledge and professional competence of a licensee. The program must meet the minimum standards of quality of development, presentation, measurement, and reporting of credits set forth in the Statement on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA, or such other standards acceptable to the Board.

(2) Subject Areas – The Board will accept programs meeting the standards set forth in the Statement on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA, or standards deemed by the Board to be comparable thereto. The minimum one hundred twenty (120) hours of CPE required for renewal, reactivation, or reinstatement of any license *shall* consist of at least thirty (30) hours of CPE in accounting and auditing subjects, no more than thirty (30) hours of CPE in personal development subjects, and no less than six (6) hours of CPE in ethics subjects.

(3) A non-resident licensee seeking renewal of a license in Guam *shall* be determined to have met the CPE requirement (including the requirements of 25 GAR § 2105(d)(1)) of this rule by meeting the CPE requirements for renewal of a certificate, or license, in the State in

which the licensee's principal place of business is located.

(A) Non-resident applicants for renewal *shall* demonstrate compliance with the CPE renewal requirements of the State in which the licensee's principal place of business is located by signing a statement to that effect on the renewal application of Guam.

(B) If a non-resident licensee's principal place of business State has no CPE requirements for renewal of a certificate, or license, the non-resident licensee must comply with all CPE requirements for renewal of a license in Guam.

(f) Continuing Professional Education Records.

(1) Applicants for renewal of active status licenses pursuant to the Act *shall* file a signed CPE Report form provided by the Board, including a statement indicating they have met the requirements for participation in a program of continuous learning as set forth by the Board or contained in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by the NASBA and the AICPA. Applicants' CPE Reports are due annually no later than January 15, covering the three (3) year period ending the preceding December 31. Any CPE reporting form received after January 15, but on or before June 30, will be assessed the delinquency fee for late filing. Applicants who do not meet the CPE requirements for renewal of an active status license by December 31 will be granted an automatic extension until June 1 provided the applicant completes an additional sixteen (16) hours of CPE in accounting and auditing subjects (one hundred thirty-six (136) hours total CPE). Applicants utilizing this automatic extension must ensure the Board receives all

required information, forms and fees by June 1. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant who should retain such documentation for a period of five (5) years following completion of each learning activity.

(2) The Board will verify, on a test basis, information submitted by applicants for renewal of licenses. In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured. Fraudulent reporting is a basis for disciplinary action.

(g) Exceptions.

(1) The Board may make an exception to the requirement set out in § 2105(d)(1) for a licensee who is retired or who does *not* perform, or offer to perform, for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one (1) or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

(2) The Board may in particular cases make exceptions to the requirements set out in § 2105(d)(1) for reasons of individual hardship including health, military service, foreign residence, or other good cause.

(3) Licensees granted such an exception by the Board must place the word 'inactive' adjacent to their CPA title on any business card, letterhead, or any other document or device, with the exception of their CPA certificate, on which their CPA title appears, unless such

exception was granted as a result of licensee's request for retired status, in which event the licensee must substitute the word 'retired' for the word 'inactive.'

(4) Licensees granted an exception by the Board must comply with a reactivation competency requirement defined by the Board as set out in § 2105(d)(3) before they may discontinue use of the word 'inactive' or 'retired' in association with their CPA title.

(h) InterState Practice.

(1) The regulations provide two (2) distinct routes for an individual already licensed in another State to be authorized to practice in Guam. The applicable route depends upon whether the individual will establish a principal place of business in Guam. Individuals establishing a principal place of business in Guam may qualify for a reciprocal license as described in § 35106(c)(2) of the Act (substantial equivalence) or as described in § 35106(c)(1) of the Act and 25 GAR § 2105(h)(2) of this Chapter. Individuals with a principal place of business in another State may offer or render services in Guam pursuant to substantial equivalence (see § 35122(a)(1) or (2) of the Act).

(2) Regarding an individual establishing a principal place of business in Guam, if the substantial equivalency standard set out in § 35122 of the Act is not applicable, the Board *shall* issue a reciprocal certificate or license to the holder of a certificate or license issued by another State provided that the applicant meets each of the following requirements:

(A) has successfully completed the CPA examination. Successful completion of the examination means that the applicant passed the examination in accordance with these Rules

of the other State at the time it granted the applicant's initial certificate or license;

(B) has satisfied the 4-in-10 experience requirement set out in § 35106(c)(1)(B) of the Act;

(C) has experience of the type required under the Act and these Rules for issuance of the initial certificate and license; and

(D) has met the CPE requirement pursuant to § 35106 (c)(1)(C) of the Act, if applicable.

(i) International Reciprocity.

(1) The Board may designate a professional accounting credential issued in a foreign country as substantially equivalent to a CPA license.

(A) The Board may rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency and may presume that an applicant with a foreign accounting credential that is covered by a currently valid Mutual Recognition Agreement (MRA) is substantially equivalent (subject to other qualifying requirements as provided in the MRA).

(B) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:

(i) the holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and

(ii) the foreign credential is valid and in good standing at the time of application for a domestic credential.

(2) The Board may satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of United States practice standards and the Board's regulations. The Board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies to develop, administer, and grade such qualifying examination(s). The Board will specify the qualifying examination(s) and process by resolution.

(3) An applicant for renewal of a CPA license originally issued in reliance on a foreign accounting credential *shall*:

(A) make application for renewal at the time and in the manner prescribed by the Board for all other license renewals;

(B) pay such fees as are prescribed for all other license renewals;

(C) if the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended, or revoked, and the applicant is not the subject of a current investigation. If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of any disciplinary proceedings, or investigations, at

the time that the foreign credential lapsed; and

(D) either show completion of continuing professional education substantially equivalent to that required under 25 GAR § 2105(d) within the three (3) year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in Guam.

(4) The holder of a CPA license or practice privilege issued or granted by the Board in reliance on a foreign accounting credential or license *shall* report any investigations undertaken, or sanctions imposed, by a foreign credentialing body against the CPA's foreign credential or license, or any discipline ordered by any other regulatory authority having jurisdiction over the holder's conduct in the practice of accountancy.

(5) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting adversely upon the CPA's fitness to retain the license and may be a prima facie basis for Board action, subject to the following.

(6) The Board may presume procedural due process and fairness if the foreign jurisdiction is a party to a current MRA that NASBA, the AICPA and Guam have adopted.

(7) Conviction of a felony or any crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the license, and is a basis for Board action.

(8) The Board *shall* notify the appropriate foreign

credentialing authorities of any sanctions imposed against a CPA.

(9) The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.

(j) Peer Review for License Holders Who Do Not Practice in a Licensed Firm.

A license holder who issues compilation reports as defined in the Act other than through a CPA firm that holds a permit under § 35107 of the Act must undergo a peer review as required under 25 GAR § 2106(c) and (d).

§ 2106. Permits to Practice – Firms.

(a) Applications.

(1) Applications by firms for initial issuance and for renewal of permits pursuant to § 35107 of the Act *shall* be made on a form provided by the Board. Applications for renewal of permits are due annually no later than June 30. Applications will not be considered filed until the applicable fee and all required documents prescribed in these Rules are received by the Board. If an application for permit renewal is filed late, it *shall* also be accompanied by the delinquency fee prescribed in these Rules.

(2) A sole proprietor may apply simultaneously for an individual license or a renewal of an individual license and a Firm Permit to Practice and will pay only the fee for the individual license or renewal thereof.

(3) Applications *shall* include the firm name, addresses and telephone numbers of the main office and of any branch offices of the firm in Guam, the name of the person in charge of each such branch office, and the names of the partners, shareholders, members,

managers, directors and officers whose principal place of business is in Guam.

(b) Notification of Changes by Firms.

(1) A firm registered pursuant to § 35107 of the Act *shall* file with the Board a written notification of any of the following events concerning the practice of public accountancy within Guam within thirty (30) days after its occurrence:

(A) formation of a new firm;

(B) addition of a partner, member, manager, or shareholder;

(C) retirement, withdrawal or death of a partner, member, manager, or shareholder;

(D) any change in the name of the firm;

(E) termination of the firm;

(F) change in the management of any branch office in Guam;

(G) establishment of a new branch office or the closing or change of address of a branch office in Guam;

(H) issuance of the firm's first issued financial statements and accountant's reports for each level of service described in 25 GAR § 2106(c); or

(I) the occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Act or these Rules.

(2) In the event of any change in legal form of a firm, such new firm *shall* within thirty (30) days of the change file an application for an initial permit in accordance with these Rules and pay the fee

required by these Rules.

(c) Successful Completion of an Approved Compliance Assurance Program (Peer Review) as a Condition for Renewal of Permit.

(1) In furtherance of its duty to protect the public regarding attest services, the Board requires all CPA firms offering or rendering such services to be enrolled in, and undergo, a transparent compliance assurance program approved by the Board and to comply with the applicable compliance assurance standards of that program. As used herein, the term 'Compliance Assurance Program' includes, but is not limited to, 'peer review' programs or other comparable programs which have been approved by the Board in accordance with the requirements set forth below.

(2) The Compliance Assurance functions may be performed by the Board, a committee established by the Board, qualified contractors approved by the Board or substantially equivalent programs [such as the peer review program administered by the AICPA] acceptable to the Board. The Board may establish procedures to perform the following functions:

(A) review of financial statements and the reports of licensees thereon, to assess their compliance with applicable professional standards;

(B) improvement of reporting practices of licensees through education and remediation;

(C) referrals to the Board of cases requiring further investigation by the Board, or its designees;

(D) verification that individuals in the firm responsible for supervising compilation or attest services and signing the

accountants' report on behalf of the firm meet the competency requirements set out in applicable professional standards;

(E) verification that a licensee who issues compilation reports for the public other than through a CPA firm, who supervises such services and/or signs the compilation report on such financial statements, meets the competency requirements set out in applicable professional standards; and

(F) such other functions as the Board may assign to its designees.

(3) Each applicant for renewal of a license under § 35106 of the Act in the case of a licensee who issues compilation reports to the public other than through a CPA firm, and each applicant for renewal of a Firm Permit to Practice under § 35107 of the Act *shall* furnish in connection with their application, with respect to each office maintained by the applicant in Guam, one (1) copy of each of the following kinds of reports, together with their accompanying financial statements, issued by the license holder or office during the twelve (12) month period next preceding the date of application, if any report of such kind was issued during such period:

(A) a compilation report;

(B) a review report;

(C) an audit report; and

(D) a report of the examination of prospective financial information.

(4) The Board may also solicit for review reports of licensees and related financial statements from clients, public agencies, banks, and other users of financial statements.

(5) Any documents submitted in accordance with 25 GAR § 2106(c)(3) may have the name of the client, the client's address and other identifying facts omitted, provided that the omission does not render the type or nature of the enterprise undeterminable. The identities of the sources of financial statements and reports received by the Board from other than the licensees who issued the reports *shall* be preserved in confidence. Reports submitted to the Board pursuant to 25 GAR § 2106(c)(3), and comments of reviewers and of the Board on such reports or work papers relating thereto, also *shall* be preserved in confidence, except that they may be communicated by the Board to the licensees who issued the reports.

(6) The review of financial statements and reports of the licensees thereon *shall* be directed toward the following:

(A) presentation of financial statements in conformity with generally accepted accounting principles;

(B) compliance by licensees with generally accepted auditing standards;

(C) compliance by licensees with other professional standards; and

(D) compliance by licensees with these Rules of the Board and other regulations relating to the performance of compilation and attest services as herein defined.

(7) The reviews of the financial statements and the reports of the licensees *shall* be conducted as follows:

(A) compilation level services will be subject to a desk review;

(B) review level services will be subject to a field

review in the offices of the licensee;

(C) audit level services and reports of examination of prospective financial information will be subject to a field review in the offices of the licensee;

(D) additional reports and financial statements may be selected during the performance of a desk review or an on-premise field review based upon the size and complexity of the reviewed firm as judged by the Board or its designee to adequately assess the quality of the reviewed firm's professional attest practice.

(8) A firm's review *shall* result in one (1) of three (3) findings:

(A) pass;

(B) pass with deficiencies; or

(C) fail.

(9) In any instance where the Board finds a deficiency in the professional work of a licensee, it *shall* advise the licensee in writing of the deficiency. The Board may request the licensee to meet with it to discuss deficiencies. If the Board determines that a report is substandard or seriously questionable, the Board may direct that a review of the work papers be conducted by an independent reviewer other than the person who performed the review of the report. The findings of any such review of the work papers *shall* be transmitted by the reviewer to the Board.

(10) In gathering information about the professional work of licensees, the Board may make use of investigators, either paid or unpaid, who are *not* members of the Board. Except for investigation of non-technical matters, all investigators and consultants hired by the

Board who undertake the investigation of Guam CPAs *shall* be actively licensed certified public accountants with a minimum of five (5) years of active licensure in the area of public accountancy. Non-technical matters are matters not encompassing the technical proficiency of a licensee in the practice of public accountancy.

(11) The results of the reviews will be transmitted to the Board within forty-five (45) days after completion of any review report.

(d) Equivalent Reviews as a Condition for Renewal of a Permit.

(1) The requirements of 25 GAR § 2106(c) *shall not* apply with respect to any firm or licensee which within the three (3) years immediately preceding the application had been subjected to a comprehensive and appropriately administered compliance assurance program as determined and approved by the Board.

(2) The Board, or an oversight committee appointed by the Board, *shall* monitor the compliance assurance programs to determine that the programs meet the requirements set out in the Act and these Rules. The Board, or the oversight committee appointed by the Board, *shall*:

(A) have full access to the peer review process which is subject to oversight and may be required to sign a confidentiality agreement to have this access;

(B) be provided with the names of those licensees and firms which have undergone and have had accepted an equivalent review, as well as whether such licensees and firms are meeting the terms, conditions, and remedial actions, if any, required by the reviewing organization;

(C) establish procedures designed to ensure

confidentiality of documents furnished or generated in the course of the review; and

(D) coordinate oversight functions conducted within Guam with national oversight objectives and procedures adopted by the NASBA Compliance Assurance Review Board (CARB).

(3) The Board *shall* establish procedures and take all action necessary to ensure that the above materials remain privileged as to any third parties, except those materials subject to public disclosure as provided herein.

(e) Submission of Compliance Assurance Reports to the Board.

(1) Firms qualifying for exemption from compliance assurance review as provided by the provisions of 25 GAR § 2106(d) *shall* notify and affirmatively request the administering entity performing the qualifying satisfactorily equivalent compliance assurance reviews [such as those conducted by AICPA peer review programs and the entities administering those reviews] to provide Board access to the reports within forty-five (45) days after the administering entity's acceptance of any review report.

(2) Regarding any report required to be submitted to the Board pursuant to this rule, the reviewed firm must retain, for a period of seven (7) years from the date of the report acceptance, all of the following: compliance assurance report (or 'peer review report'); letter of comments; letter of response; acceptance letter signed by the reviewed firm agreeing to take corrective actions; and letter of completion indicating that the firm's compliance assurance review is complete. Upon request of the Board, the reviewed firm or individual *shall* timely submit such documentation to the Board.

(3) The objective of this reporting rule is primarily to reinforce the Board's efforts to ensure that only appropriately qualified CPA firms are engaged in the offering and rendering of services subject to compliance assurance. Based upon its review of the reports submitted pursuant to this rule, the Board may consider, pursuant to a hearing or by consent, additional corrective actions such as probation, practice limits, additional continuing education, pre-issuance reviews, more frequent peer reviews, and other measures, including, in severe cases, discipline against the reviewed firm and any individual licensees employed or contracted by the reviewed firm.

(4) For good cause shown, the Board may grant or renew applications for a reasonable period of time pending completion.

(f) Internet Practice. A CPA firm offering or rendering professional services via a website *shall* provide in the website's homepage, a name, an address, and principal State of licensure as a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions, or regulatory compliance.

(g) Documentation and Retention. Licensees and CPA firms *shall* comply with all professional standards applicable to particular engagements, including, but not limited to, standards adopted by recognized standards setting bodies such as the Public Company Accounting Oversight Board (PCAOB), the Comptroller General of the United States, and the Auditing Standards Board. Accordingly, the retention period for Attest Documentation *shall* be seven (7) years and *shall* be measured from the report date. Any Attest Documentation involved in a pending investigation or disciplinary action *shall not* be destroyed until the licensee has been notified in writing of the closure of such investigation or disciplinary proceeding.

§ 2107. Enforcement Actions Against Licensees.

(a) Grounds for Enforcement Actions Against Licensees.

The grounds for revocation and suspension of licenses, and other disciplinary action against licensees and individuals with privileges under § 35122 of the Act, are set out in § 35109 of the Act in both specific and general terms. The general terms of that provision of the Act include the following particular grounds for such disciplinary action:

(1) Any deferred prosecution agreement involving an admission of wrongdoing, or any criminal conviction, including conviction following a guilty plea or plea of *nolo contendre*, for any felony or any crime, an essential element of which is fraud, dishonesty, or deceit, or any other crime which evidences an unfitness of the applicant to practice public accountancy in a competent manner and consistent with public protection.

(2) Active or stayed revocation or suspension of any occupational license or other privilege to practice any licensed occupation by or before any state, federal, foreign or other licensing or regulatory authority, provided the grounds for the revocation or suspension include wrongful conduct such as fraud, dishonesty, or deceit, or any other conduct which evidences any unfitness of the applicant to practice public accountancy.

(3) Dishonesty, fraud or deceit in obtaining a license within the meaning of § 35109 of the Act, including the submission to the Board of any knowingly false or forged evidence in, or in support of, an application for a license, and cheating on an examination, as defined in these Rules.

(4) Dishonesty, fraud, deceit, or gross negligence, within the

meaning of § 35109(a)(5) of the Act, include knowingly, or through gross negligence, making misleading, deceptive or untrue representations in the performance of services.

(5) Violations of the Act or of Rules promulgated under the Act, within the meaning of § 35109(a)(6) of the Act, including:

(A) using the CPA title or providing attest or compilation services in Guam without a license issued under §§ 35106 and 35107 of the Act or without properly qualifying to practice across State lines under the substantial equivalency provision of the Act;

(B) using or attempting to use a license which has been suspended or revoked;

(C) making any false or misleading statement in support of an application for a license filed by another;

(D) failure of a licensee to provide any explanation requested by the Board regarding evidence submitted by the licensee in support of an application filed by another, or regarding a failure or refusal to submit such evidence; and failure by a licensee to furnish for inspection upon request by the Board, or its representative, documentation relating to any evidence submitted by the licensee in support of such an application;

(E) failure to satisfy the continuing professional education requirements set out in § 35106(d) of the Act and/or failure to comply with the continuing education requirements of these Rules;

(F) failure to comply with professional standards as to the attest and/or compilation competency requirement for those

who supervise attest and/or compilation engagements and sign reports on financial statements or other compilation communications with respect to financial statements; or

(G) failure to comply with the applicable peer review requirements set out in §§ 35106(e) and 35107(i) of the Act and these Rules.

(6) Conduct reflecting adversely upon the licensee's fitness to perform services, within the meaning of § 35109(a)(10) of the Act, including:

(A) adjudication as mentally incompetent;

(B) incompetence, including but not limited to:

(i) gross negligence, recklessness, or repeated acts of negligence in the licensee's record of professional practice; or

(ii) any condition, whether physical or mental, that endangers the public by impairing skill and care in providing professional services;

(C) presenting as one's own a license issued to another;

(D) concealment of information regarding violations by other licensees of these Act or the Rules when questioned or requested by the Board; and

(E) willfully failing to file a report or record required by State or federal law; willfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which one knows to be false. A finding, adjudication, consent order or conviction by a federal or State

court, agency or regulatory authority or the PCAOB that a licensee has willfully failed to file a required report or record *shall* be prima facie evidence of a violation of this rule.

(b) Return of License. Any licensee whose license issued by the Board is subsequently suspended or revoked *shall* promptly return such license to the Board.

(c) Applicable Standards.

A licensee *shall* follow the standards, as applicable under the circumstances and at the time of the services, set forth in this Section in providing professional services. In addition to the applicable standards set forth in this Subsection, a licensee *shall* follow standards issued by other professional or governmental bodies, including international standards setting bodies with which a licensee is required by law, regulation, or the terms of engagement to comply. A licensee *shall* comply with all applicable standards, including, but not limited to, the following:

(1) A licensee *shall not* render services subject to the authority of the Securities and Exchange Commission (SEC) or PCAOB unless the licensee has complied with the applicable standards and rules adopted and approved by the PCAOB and SEC.

(2) A licensee *shall not* render auditing services unless the licensee has complied with the applicable generally accepted auditing standards.

(3) A licensee *shall not* render accounting and review services unless the licensee has complied with the standards for accounting and review services issued by the AICPA, including subsequent amendments and editions.

(4) A licensee *shall not* permit the licensee's name to be

associated with governmental financial statements for a client unless the licensee has complied with the standards for governmental accounting issued by the Governmental Accounting Standards Board (GASB), including subsequent amendments and editions.

(5) A licensee *shall not* render attestation services unless the licensee has complied with the Statements on Standards for Attestation Engagements issued by the AICPA, including subsequent amendments and editions.

(6) A licensee *shall not* render management consulting services unless the licensee has complied with the standards for management consulting services (including the definition of such services) issued by the AICPA, including subsequent amendments and editions.

(7) A licensee *shall not* render services in the area of taxation unless the licensee has complied with the standards for tax services issued by the AICPA, including subsequent amendments and editions.

(8) A licensee *shall not* permit the licensee's name to be used in conjunction with any forecast of future transactions in a manner which may lead to the belief that the licensee vouches for the achievability of the forecast, and *shall not* render services associated with prospective financial statements unless the licensee has complied with the standards for accountants' services on prospective financial information issued by the AICPA, including subsequent amendments and editions.

(9) A licensee *shall not* express an opinion on financial statements unless the licensee complies with the Statements of Financial Accounting Standards, together with those Accounting

Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the Financial Accounting Standards Board (FASB), including subsequent amendments and editions.

§ 2108. Enforcement Procedures – Investigations.

(a) Review of Professional Work Product.

The Board may solicit and receive publicly available reports of licensees and individuals with privileges under § 35122 of the Act and related financial statements from clients, public agencies, banks, and other users of financial statements on a general and random basis without regard to whether an application for renewal of the particular licensee is then pending or whether there is any formal complaint or suspicion of impropriety on the part of any particular licensee or an individual with privileges under § 35122 of the Act; and it may review such reports and otherwise proceed with respect to the results of any such review in the fashion prescribed in 25 GAR § 2106(c). For purposes of this Rule, such reports may include publicly available inspection reports prepared by the PCAOB.

(b) Reporting Convictions, Judgments, and Administrative Proceedings.

(1) Subject to § 35104(j) of the Act, licensees *shall* notify the Board, on a form and in the manner prescribed by the Board, within thirty (30) days of:

(A) receipt of a failed peer review report pursuant to 25 GAR § 2106(c)(8)(C), or a PCAOB firm inspection report containing criticisms of or identifying potential defects in the quality control systems;

(B) receipt of a second consecutive peer review report that is deficient pursuant to 25 GAR § 2106(c)(8)(B);

(C) imposition upon the licensee of discipline, including, but not limited to, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, suspension, revocation, or modification of a license or practice rights by:

(i) the SEC, PCAOB, Internal Revenue Service (IRS) (actions by the Director of Practice); or

(ii) another State board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another State board of accountancy; or

(iii) any other federal or State agency regarding the licensee's conduct while rendering professional services; or

(iv) any foreign authority or credentialing body that regulates the practice of accountancy;

(D) occurrence of any matter reportable that must be reported by the licensee to the PCAOB pursuant to the Sarbanes-Oxley Act, Section 102(b)(2)(f), and PCAOB Rules and forms adopted pursuant thereto;

(E) notice of disciplinary charges filed by the SEC, PCAOB, IRS, or another State board of accountancy, or a federal or State taxing, insurance or securities regulatory authority, or foreign authority or credentialing body that regulates the practice of accountancy;

(F) any judgment, award, or settlement of a civil action or arbitration proceeding of One Hundred Fifty Thousand Dollars ($150,000) or more in which the licensee was a party if the matter included allegations of gross negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of

accounting; provided, however, licensed firms *shall* only notify the Board regarding civil judgments, settlements, or arbitration awards directly involving the firm's practice of public accounting in Guam; or

(G) criminal charges, deferred prosecution or conviction or plea of no contest to which the licensee is a defendant if the crime is:

(i) any felony under the laws of the United States or of any State of the United States or any foreign jurisdiction; or

(ii) a misdemeanor if an essential element of the offense is dishonesty, deceit, or fraud.

(2) The licensee designated by each CPA firm pursuant to § 35107(d)(2)(A) of the Act (as responsible for the proper registration of the firm) *shall* report any matter reportable under this Rule to which a non-licensee owner with a principal place of business in this State is a party.

(c) Participation in MultiState Enforcement Compacts.

Notwithstanding any other provision of law or regulation to the contrary, the Board may participate in any enforcement agreement or compact with other State boards of accountancy to facilitate public protection through the enforcement of the Act and cooperate with others in the enforcement of accountancy statutes, and rules of Guam and other states.

§ 2109. Enforcement Procedures – Hearings by the Board.

(a) Complaints and Notices of Hearing.

(1) A complaint issued by the Board pursuant to § 35111(a) of the Act will include:

(A) a statement of matters asserted or charged; and

(B) references to any particular sections of the Act or of these Rules that are asserted to have been involved in unlawful

conduct.

(2) When the complaint and notice of hearing are served pursuant to § 35111(a) of the Act, they will be accompanied by:

(A) a copy of the Board's Rules under this § 2109;

(B) a copy of § 35111 of the Act;

(C) a copy of any particular sections of the Act or of any Rule asserted to have been violated; and

(D) a brief statement calling attention to the rights of the licensee or an individual with privileges, under § 35122 of the Act, to examine reports and evidence in advance of the hearing; to appear by counsel at the hearing to present evidence; and to appeal an adverse decision.

(b) Examination and Copying of Documents.

Under § 35111(b) of the Act, a respondent has the right in advance of the hearing to examine and copy any report of investigation and documentary or testimonial evidence and summaries of evidence in the Board's possession relating to the subject matter of the complaint. The right of examination may be exercised by the respondent or the respondent's attorney or agent at the Board's office where the records in question are kept, during regular business hours, on four (4) days' advance notice in writing. Copies will be promptly furnished of any documents or other materials designated for copying, but the Board may charge a fee for such copying pursuant to these Rules.

(c) Conduct of Hearing.

(1) A hearing under § 35111 of the Act *shall* be conducted by and *shall* be under the control of a presiding officer appointed by the Board.

(2) The order of proceedings *shall* be as follows:

(A) Statement and presentation of evidence supporting the complaint by the investigating officer, if any, by a Board member designated for that purpose, or by counsel.

(B) Statement and presentation of evidence of the respondent, in person (or in the case of a firm through a partner, officer, director, member, manager or shareholder), and/or by counsel.

(C) Rebuttal evidence in support of the complaint.

(D) Surrebuttal evidence of the respondent licensee.

(E) Closing statements.

(F) Board decision, which pursuant to § 35111(h) of the Act, must be by written vote of a majority of the Board excluding members disqualified under § 35111(d) of the Act to sustain any charge and impose any penalty.

(3) The presiding officer, Board members, the respondent and the person presenting the complaint *shall* have the right to question or examine or cross-examine any witness.

(4) The burden of proof to support a violation of the Act or Rules rests with the Board.

(5) The hearing may be continued with recesses as determined by the presiding officer.

(6) The presiding officer may set reasonable time limits for oral presentation.

(7) Exhibits *shall* be marked, and preserved along with the record of the hearing.

(d) Evidentiary Rules.

(1) Under § 35111(f) of the Act, the Board is not bound by technical rules of evidence, and in its discretion may consider any evidence of a kind commonly relied upon by reasonably prudent persons in the conduct of their affairs.

(2) All such evidence that is offered and not objected to will be received by the presiding officer unless the presiding officer determines that it is irrelevant, immaterial or unduly repetitious.

(3) Evidence may be received provisionally, subject to a later ruling by the presiding officer as to its admissibility; but any such ruling must be made before closing statements are heard pursuant to 25 GAR § 2109(c)(2)(E).

(e) Publication of Decisions.

Decisions by the Board following hearings under § 35111 of the Act will, if they sustain any charge, be made public. Decisions that do not sustain a charge may be made public at the Board's discretion.

§ 2110. Reinstatement.

(a) Applications for Relief from Disciplinary Penalties.

(1) A person or firm whose license has been revoked or suspended, or an individual whose privileges under § 35122 of the Act have been revoked or limited, or a person or firm that has been put on probation pursuant to § 35109 of the Act may apply to the Board for modification of the suspension, revocation, or probation after completion of all requirements contained in the Board's original order.

(2) The application *shall* be in writing; *shall* set out and, as appropriate, substantiate the reasons constituting good cause for the relief sought; and *shall* be accompanied by at least two (2) supporting recommendations, under oath, from licensees who have personal

knowledge of the activities of the applicant since the suspension or revocation was imposed.

(b) Action by the Board.

(1) An application pursuant to 25 GAR § 2110(a) will ordinarily be processed by the Board upon the basis of the materials submitted in support thereof, supplemented by such additional inquiries as the Board may require. At the Board's discretion, a hearing may be held on an application, following such procedures the Board may find suitable for the particular case.

(2) The Board may impose appropriate terms and conditions for reinstatement of a license or privileges under § 35122 of the Act or modification of a suspension, revocation, or probation.

(3) In considering an application under 25 GAR § 2110(a), the Board may consider all activities of the applicant since the disciplinary penalty from which relief is sought was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the license or privileges under § 35122 of the Act was in good standing, the applicant's rehabilitative efforts, restitution to damaged parties in the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional probity.

(4) No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court-imposed probation or parole.

§ 2111. Unlawful Acts.

(a) CPA Firm Names.

A CPA Firm name may not be used unless such name has been

registered with and approved by the Board.

(1) A misleading CPA Firm name is one that:

(A) contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who are the owners or members of the firm, such as a reference to a type of organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example:

(i) implies the existence of a corporation when the firm is not a corporation such as through the use of the words 'corporation', 'incorporated', 'Ltd.', 'professional corporation', or an abbreviation thereof as part of the firm name if the firm is not incorporated or is not a professional corporation;

(ii) implies the existence of a partnership when there is not a partnership, such as the use of the term 'partnership' or 'limited liability partnership' or the abbreviation 'LLP' if the firm is not such an entity;

(iii) includes the name of an individual who is not a CPA if the title 'CPA' is included in the firm name;

(iv) includes information about or indicates an association with persons who are not members of the firm, except as permitted pursuant to §35113(h) of the Act; or

(v) includes the terms '& Company', '& Associate', or 'Group', but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one (1) other unnamed partner,

shareholder, owner, member, or staff employee.

(B) contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, through the use of a false or unjustified statement of fact as to any material matter;

(C) claims or implies the ability to influence a regulatory body or official;

(D) includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding himself out as a Certified Public Accountant.

(2) The following types of CPA Firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of 25 GAR § 2111(a)(1):

(A) a firm name that includes the names of one (1) or more former or present owners;

(B) a firm name that excludes the names of one (1) or more former or present owners;

(C) a firm name that uses the 'CPA' title as part of the firm name when all named individuals are owners of the firm who hold such title or are former owners who held such title at the time they ceased to be owners of the firm; or

(D) a firm name that includes the name of a non-CPA owner if the 'CPA' title is not a part of the firm name.

(3) A Network firm as defined in the AICPA Code of

Professional Conduct (Code) in effect on December 15, 2014 may use a common brand name, or share common initials, as part of the firm name.

(4) A Network firm as defined in the AICPA Code of Professional Conduct (Code) in effect on December 15, 2014 may use the Network name as the firm's name, provided it also shares one (1) or more of the following characteristics with other firms in the network:

(A) common control, as defined by generally accepted accounting principles in the United States, among the firms through ownership, management, or other means;

(B) profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals and training courses, and other costs that are immaterial to the firm;

(C) common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy;

(D) significant part of professional resources; or

(E) common quality control policies and procedures that participating firms are required to implement and that are monitored by the association.

(b) Safe Harbor Language.

Non-licensees may use the following disclaimer language in connection with financial statements to not be in violation of the Act:

'I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period)

then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners).

I (we) have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.'

§ 2112. Substantial Equivalency.

(a) Substantial Equivalency and Internet Practice.

An individual entering into an engagement to provide professional services via a website pursuant to § 35122 of the Act *shall* disclose, via any such website, the State of the individual's principal place of business, license number, and an address as a means for regulators and the public to contact the individual regarding complaints, questions, or regulatory compliance.

(b) Practice in Other States Through Substantial Equivalency.

As a pre-condition for the use of practice privileges in another jurisdiction, any licensee of Guam offering or rendering services in or to another jurisdiction pursuant to practice privileges based upon their license from Guam is deemed to have consented to the administrative jurisdiction of the other State board of accountancy, and is deemed to have consented to the requirements of the Act. The failure by a licensee of Guam to cooperate in another state's board of accountancy's investigation *shall* be grounds for discipline by this Board.

(c) Reporting Moral Character Violations.

(1) Any individual using practice privileges in Guam, *shall* notify this Board within thirty (30) days of any occurrence described in 25 GAR §§ 2107(a)(1) or 2107(a)(2).

(2) Any licensee of Guam using practice privileges in another

State *shall* notify this Board and the State board of any other State in which said licensee uses practice privileges within thirty (30) days of any occurrence described in 25 GAR §§ 2107(a)(1) or 2107(a)(2).

(d) Continuing Professional Education Requirements for Practice Privileges.

Any individual using practice privileges in Guam who complies with the CPE requirements applicable in the State where their principal place of business is located, *shall* be deemed to have complied with the CPE requirements of Guam.

§ 2113. Code of Professional Conduct.

(a) Ethical Rules. In the case of licensees, the Code of Professional Conduct of this Board are those published separately for purposes of convenience and are those published by the American Institute of CPA's entitled AICPA Code of Professional Conduct, as adopted, and any revisions made thereto. Said Rules *shall* be known as the Code of Professional Conduct and by reference thereto are included herein and *shall* have the full force and effect of a regulation of this Board. Said Rules are promulgated for the purpose of maintaining high standards of professional conduct by licensees."

Section 46. Section 45 of this Act is considered part of the Guam Administrative Rules and Regulations, and may be amended through the Administrative Adjudication process.

Section 47. Severability. If any provision of this law or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity *shall not* affect other provisions or applications of this law that can be given effect without the invalid provisions or application, and to this end the provisions of this law are severable.