

CHAPTER 135.

STATE BOARD OF ACCOUNTANCY.

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135.01 State board of accountancy. (1) The governor shall, within thirty days after the passage of this act, appoint three suitable persons, residents of the state of Wisconsin, who are hereby constituted a board by the name and style of the "Wisconsin State Board of Accountancy." The members of said board shall be the holders of certificates as certified public accountants issued under the provisions of chapter 135 and shall hold office for a term of three years and until their successors are appointed and qualified.

(2) Of the members of the board first to be appointed, one shall be a professor of economics, finance, accountancy, or business administration and commercial law in a school of higher learning, and two shall be skilled public accountants who shall, for not less than three consecutive years, have been actually engaged in practice as public accountants. Such members shall hold office one for a term of one year, one for a term of two years, and one for a term of three years. The term of office of each shall be designated by the governor in his appointment.

(3) The persons so appointed shall meet and organize within ninety days after their appointment and shall reorganize each year thereafter. A majority of said board shall constitute a quorum. They shall elect one of their number as president, one as vice president, and one as secretary, and said officers shall hold their respective offices for the term of one year and until their successors are elected and qualified. The affirmative vote of two members of said board shall be considered as the action of said board, except in actions relative to the revocation of any certificate. In all such cases three affirmative votes shall be considered the action of said board.

(4) The board being charged with the administration of this chapter shall have power to design and use a seal, compel the attendance of witnesses, administer oaths, take testimony and receive proofs concerning all matters within its jurisdiction. It shall formulate rules for its guidance, not inconsistent with the provisions of this chapter and print the same for distribution. It may prescribe and publish reasonable standards of professional conduct and reasonable rules defining unethical practice for public accountants. No such standard or rule relating to professional conduct or unethical practice shall be adopted until the board has held a public hearing with reference thereto, notice of which shall be mailed at least sixty days before such hearing to every holder of a certificate issued under the provisions of this chapter. No such rule or standard shall become effective until sixty days after its adoption by the board. Any person who shall have appeared at said public hearing and filed written protest against any proposed standard or rule may, upon the adoption of such standard or rule, obtain a review thereof as provided in chapter 227. Thereafter every person practicing as a public accountant in the state shall be governed and controlled by the rules and standards prescribed by the board.

(5) In addition to the other duties provided by sections 135.01 to 135.13, inclusive, it shall be the general duty of this board to foster the standard of education pertaining to the science and art of accountancy, not only in its relationship to the interest of individual and organized business enterprises but in its relationship to the welfare of government, both general and local. This board shall endeavor, both within and without the profession of accountancy, to bring about a better understanding of the relationship of the science of accounting to the problems of public welfare.

(6) All certificates issued under the provisions of this chapter shall be signed by at least two members of the board. The board shall record its proceedings, list all certificates issued and revoked and shall maintain such other records as may be necessary or desirable and all records shall be open to the inspection of the public at the office of the secretary of the board.

(7) The board may make all needful rules and regulations regarding the conduct of the examinations or their character or scope, the method and time of filing applications for examination and their form and contents, and all other rules and regulations necessary to carry into effect the purposes of this chapter. [1935 c. 481; 1943 c. 375 s. 51]

Note: Persons entitled to be registered as public accountants on application by a designated date, and not claiming that they applied for or were denied registration, are not in a position to question the validity of the provisions of such statute as to standards, examinations, etc. Chapter 481, Laws of 1935 (ch. 135, Stats.), in regulating the practice of accountancy, deals solely with the relation of such practice to the public; does not forbid others than public accountants or certified public accountants from working at the business of accountancy for more than one person, provided that there is no representation of being a public ac-

countant or a certified public accountant and that the service rendered to the employers is not put before the public as work of a public accountant or a certified public accountant; and such act is not unconstitutional as an improper exercise of the police power infringing freedom of contract, nor as class legislation. *Wangerin v. Wisconsin State Board of Accountancy*, 223 W 179, 270 NW 57.

Upon the evidence submitted it does not appear that Co-operative Auditing Service, Inc., a Minnesota co-operative association, is operating in Wisconsin in violation of ch. 135. 36 Atty. Gen. 30.

135.02 Public accountant, definition. A person shall be deemed to be in practice as a public accountant, within the meaning and intent of this chapter:

(1) Who holds himself out to the public in any manner as one skilled in the knowledge, science and practice of accounting, and as qualified and ready to render professional service therein as a public accountant for compensation; or

(2) Who maintains an office for the transaction of business as a public accountant, or who, except as an employe of a public accountant, practices accounting, as distinguished from bookkeeping, for more than one employer; or

(3) Who offers to prospective clients to perform for compensation, or who does perform on behalf of clients for compensation, professional services that involve or require an audit or certificates of financial transactions and accounting records; or

(4) Who prepares or certifies for clients reports of audits, balance sheets, and other financial, accounting and related schedules, exhibits, statements or reports which are to be used for publication or for credit purposes, or are to be filed with a court of law or with any other governmental agency, or for any other purpose; or

(5) Who, in general or as an incident to such work, renders professional assistance to clients for compensation in any or all matters relating to accounting procedure and the recording, presentation and certification of financial facts.

(6) Every member of a partnership, and every officer and director of a corporation who, in such capacity, does any of the things enumerated in subsections (1) to (5) of this section, shall be deemed to be in practice as a public accountant.

(7) Nothing contained in this chapter shall prevent the employment by a certified public accountant, or by a public accountant, or by a firm or corporation, furnishing public accounting services as principal, of persons to serve as accountants in various capacities, as needed; provided, that such persons work under the control and supervision of certified public accountants or accountants with certificates of authority as hereinafter provided, that such employes shall not issue any statements or reports over their own names except such office reports to their employer as are customary and that such employes are not in any manner held out to the public as public accountants as described in this chapter.

(8) Nothing contained in this chapter shall apply to a practicing attorney, who, in connection with his professional work renders any accounting service.

(9) Nothing contained in this chapter shall apply to any persons who may be employed by more than one person, partnership or corporation, for the purpose of keeping books, making trial balances or statements, and preparing audits or reports, provided such audits or reports are not used or issued by the employers as having been prepared by a public accountant.

(10) Nothing contained in this chapter shall apply to holders of state-granted certified public accountant certificates from other states who may be temporarily in this state on professional business incident to their regular practice in the states of their domicile, but with neither residence nor office in this state. [1935 c. 481]

135.03 Licenses. (1) No person may lawfully practice in this state as a certified public accountant either in his own name, or as an employe, or under an assumed name, or as an officer, member or employe of a firm, or as an officer or employe of a corporation, unless such person has been granted by the board a certificate as a certified public accountant, and unless such person, firm or corporation, jointly and severally, has complied with all of the provisions of this chapter, including annual registration as herein provided.

(2) From and after December 1, 1935, no person may lawfully practice in this state as a public accountant either in his own name, or as an employe or under an assumed name, or as an officer, employe or member of a firm, or as an officer or employe of a corporation, unless such person has been granted by the board a certificate of authority as a

public accountant and unless such person, firm or corporation, jointly and severally, has complied with all of the provisions of this chapter, including annual registration as herein provided.

(3) From and after December 1, 1935, no corporation and no officer or employe thereof may lawfully practice in this state as a public accountant either in his name, or as an employe or under an assumed name, unless such person and corporation has been granted by this board a certificate of authority as a public accountant and unless such person or corporation, jointly and severally, has complied with all the provisions of this chapter, including annual registration as herein provided. [1935 c. 481]

135.04 Qualifications for licenses as certified public accountants. (1) The board shall issue a certificate as a certified public accountant to all persons who become entitled thereto under sections 135.04 and 135.05 of this chapter.

(2) No certificate as a certified public accountant shall be granted to any person other than a citizen of the United States, or person who has in good faith declared his intention of becoming such citizen, who is over the age of twenty-three years and of good moral character and (except as provided in section 135.05) who shall have successfully passed an examination in commercial accounting, governmental accounting, auditing, commercial law as affecting accountancy, and in such other subject as the board may deem necessary.

(3) Examinations shall be held by the board at least once in each year at such times and places as may be determined by it. The time and place of holding examination shall be advertised for not less than three consecutive days, nor less than thirty days prior to the date of such examination, in at least one daily newspaper printed and published in the city of Milwaukee and in at least one daily newspaper printed and published in the city of Madison. Each applicant shall also be notified by mail by the secretary of the board, at the address mentioned in the application, when and where such examination will be held. Such notice shall be mailed not less than thirty days prior to the date of the next examination.

(4) Applicants for a certificate as a certified public accountant must have completed at least a four year high school course of study or have received an equivalent education, the value of equivalents offered to be determined by the board. Said applicants must have had at least three years' accounting experience equivalent to that of a senior in public practice, the efficiency of the experience to be judged by the board. The board may accept evidence of sufficient technical education in accountancy in lieu of one and one-half years of public accounting experience. [1935 c. 481]

135.05 Exceptions. The state board of accountancy may, in its discretion, waive the examination of and issue a certificate to any person possessing the qualifications mentioned in subsection (2) of section 135.04, who:

(1) Is the holder of a certificate to practice as a certified public accountant issued under the laws of any other state which extends similar privileges to certified public accountants of this state, provided such certificate was issued upon due examination, and provided that the requirements of the law of such state are, in the opinion of the board, equivalent to the requirements of the law of this state;

(2) Is the holder of a certificate of license to practice as a public accountant issued in any foreign country, provided such certificate was issued upon due examination, that the requirements regulating the issuance of such certificates are, in the opinion of the board, equivalent to the requirements of the law of this state and that such foreign country extends similar privileges to certified public accountants of this state. [1935 c. 481]

135.06 Certificates to public accountants without licenses. (1) The board shall issue a certificate of authority to practice as a public accountant to each individual who applies before December 1, 1935, who presents evidence of good moral character satisfactory to the board, and

(a) Who furnishes satisfactory evidence he was maintaining an office in the state for the practice of public accounting on his or her own account at the date of the taking effect of this chapter; or

(b) Who for four years has been in responsible charge of accounting engagements in the state of Wisconsin as an employed member of the staff of a certified public accountant or a public accountant, or of a firm of certified public accountants or public accountants; or

(c) Who, in the opinion of the board, has had four years' experience equivalent to that specified in paragraph (b) of this subsection.

(2) The board in its discretion may issue certificates of authority to firms, provided, that the resident partner or partners and resident manager have received certificates as certified public accountants; or that the resident manager and resident partners of such firm have received certificates of authority under the laws of this state; or that the resi-

dent manager and each partner of such firm has received either a certificate as a certified public accountant or a certificate of authority issued under the laws of this state.

(3) The board may issue certificates of authority to corporations to practice as public accountants who:

(a) Upon passage of this act are corporations legally organized under the laws of this state, with power to practice as public accountants within the meaning of this chapter; and

(b) On or before December 1, 1935, shall furnish satisfactory evidence to the board that such corporation was legally incorporated under the laws of this state at the date of taking effect of this chapter; and

(c) Whose manager and whose board of directors shall each have received either a certificate as a certified public accountant or a certificate of authority to practice as a public accountant as provided in this chapter.

(4) Whenever the manager and all of the directors of such a corporation in the practice of public accounting shall cease or shall fail to hold certificates as certified public accountants, or certificates of authority as provided in this chapter, the certificate of authority to the corporation shall become void and so be recorded by the board. [1935 c. 481]

135.07 Requirements for practice as certified public accountant or public accountant. (1) Any person who has received from the board a certificate of his qualifications to practice as a certified public accountant, shall be styled and known as a "certified public accountant" and no other person shall assume to use such title or the abbreviation "C. P. A." or any other word, words, letters or figures to indicate that the person using the same is a certified public accountant. The terms "chartered accountant" and "certified accountant" and the abbreviation "C. A." are specifically prohibited to such other persons as being prima facie misleading to the public. Any person who has received from the board a certificate of authority, as herein provided, shall be styled and known as a "public accountant" and no other person, other than a certified public accountant, shall assume to use such designation or any other word, words, letters or figures to indicate that such person is entitled to practice as a public accountant.

(2) No person shall practice in this state as a certified public accountant or a public accountant, either in his name, under an assumed name, or as a member of a partnership, except as provided in subsection (10) of section 135.02, unless he shall have been granted a certificate by the board and secured a registration card for the current year. No person shall practice in this state as a public accountant as an officer or director of a corporation engaged in the practice of public accounting, unless the corporation shall have been granted a certificate by the board and secured a registration card for the current year.

(3) Any partnership, which is entitled to practice as certified public accountants in this state or any other state, every resident member and resident manager of which is a certified public accountant of this state, after registering the partnership name with the board, may use the designation "certified public accountants" in connection with the partnership name. Any partnership, every member and resident manager of which is a certified public accountant of this state or any other state or holds a certificate of authority under this chapter, after registering the partnership name with the board, may use the designation "public accountants" in connection with the partnership name. An assumed name, in use prior to the taking effect of this chapter, may be used the same as a partnership name, provided the individual persons practicing as principals under that name hold certificates issued by the board and register the name with the board. [1935 c. 481]

Note: Under 135.04, Stats. 1933, use of degree "Master of Accounting" is lawful. 21 Atty. Gen. 468.

135.08 Annual registration card. The board shall, in December of each year, upon application made by any holder of an unrevoked Wisconsin certificate as a certified public accountant or an unrevoked Wisconsin certificate of authority as provided for in this chapter, issue a registration card, which card shall be good until December thirty-first of the next succeeding year, unless the said certificate shall sooner be revoked. A registration card shall also be issued to any partnership or corporation, upon application, which has complied with the provisions of this chapter. Interim registrations shall be issued to individuals, partnerships and corporations who have complied with the provisions of this chapter within the year. [1935 c. 481]

135.09 Fees. (1) Any person making an application for examination or certificate shall accompany such application with a United States money order or a certified check indorsed to the state treasurer in the sum of twenty-five dollars for application filed under section 135.04 or under subsection (1) of section 135.05, and in the sum of fifty dollars for application filed under subsection (2) of section 135.05. Should such application be rejected by the state board of accountancy such check or money order shall be returned to the applicant, but immediately upon approval of the application such check or money order shall be deposited in the treasury of the state in the manner provided by law and shall be added to the general fund.

(2) Every applicant who shall be unsuccessful in the initial examination shall have the privilege of one re-examination without payment of an additional fee, if application for such re-examination be made within two years from the date of the first examination.

(3) All persons to whom an annual registration card is issued shall pay an annual fee of five dollars therefor. All partnerships or corporations to whom an annual registration card is issued shall pay an annual fee of ten dollars. Interim registrations shall be at the full rates as above specified. [1935 c. 481]

135.10 Disclosure of interest in corporation reported on. (1) A certificate of an accountant must disclose interest in corporation reported on:

(a) Whenever any person shall, as a certified public accountant, or public accountant, sign or certify any report, schedule or statement relative to the affairs of any corporation, association or copartnership, in which such person is financially interested, or by which such person is regularly engaged as an officer or employe, such signature or certification shall be accompanied by a specific statement setting forth the fact that such person is financially interested in, or is an officer or regular employe of such corporation, association or copartnership. If such person is both financially interested and an officer or regular employe, the statement shall cover both such financial interest and employment. In the case of a corporation holding a certificate of authority signing or certifying as above, the interest of any of its stockholders shall be disclosed.

(b) The board may make and enforce all necessary rules and regulations relative to the foregoing provisions and may determine upon the particular phraseology necessary to carry into effect the provisions thereof.

(c) Any person who shall violate the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than fifty dollars nor more than two hundred dollars.

(2) It shall be the duty of the respective district attorneys to prosecute all violations of the provisions of this chapter. [1935 c. 481]

135.11 Penalties. Any person shall be deemed guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than five hundred dollars for each offense, or by imprisonment in the county jail for not more than one year, or by both such fine and imprisonment:

(1) Who shall use any other term than certified public accountant or the abbreviation C. P. A. to indicate that he is a public accountant with a specially granted title; or

(2) Who shall, when practicing under an assumed name, or as a member of a partnership, other than one which is registered under section 135.07 as composed of certified public accountants, or as an officer of a corporation, announce, either in writing or by printing, that the assumed name, partnership or corporation is practicing as a certified public accountant; or

(3) Who shall, as a member of a partnership, announce, either in writing or by printing, that the partnership is practicing as "public accountants" unless the partnership is registered as such under section 135.07; or

(4) Who shall, as an officer of a corporation, permit it to practice as a public accountant unless it is registered with the board, and holds an unrevoked certificate of authority from the board; or

(5) Who holds himself out to the public as a certified public accountant or who assumes to practice as a certified public accountant unless he has received a certificate as such from the board; or

(6) Who holds himself out to the public as a public accountant or who assumes to practice as a public accountant unless he has received a certificate of authority from the board; or

(7) Who shall practice as a certified public accountant or as a public accountant after his certificate has been revoked; or

(8) Who shall as an individual, or, as a member of a partnership or as an officer or director of a corporation, practice or permit the partnership or corporation to practice as a certified public accountant or as a public accountant unless a registration card has been secured for the current year; or

(9) Who shall sell, buy, give or obtain an alleged certificate as a certified public accountant, or a certificate of authority, or a registration card in any other manner than is provided for by this chapter; or

(10) Who shall attempt to practice as a certified public accountant or as a public accountant under guise of a certificate not issued by this board, or under cover of a certificate obtained illegally or fraudulently; or

(11) Who shall certify to any false or fraudulent report, certificate, exhibit, schedule or statement; or

(12) Who shall attempt by any subterfuge to evade the provisions of this chapter while practicing as a public accountant; or

(13) Who shall, as an individual, or as a member of a partnership or as an officer of a corporation, permit to be announced by printed or written statement that any report, certificate, exhibit, schedule or statement has been prepared by or under supervision of a certified public accountant or by or under supervision of a public accountant when the person who prepared the same was not such certified public accountant or public accountant. [1935 c. 481]

135.12 Revocation of certificates and registration cards. (1) The board may, on its own motion, make investigations and conduct hearings and may, on its own motion or upon complaint in writing, duly signed and verified by the complainant, revoke or suspend for a definite period any certificate or registration card or officially censure the holder thereof, if it finds that he has violated the provisions of this chapter or any duly promulgated standard or rule of practice or for any other sufficient cause.

(2) In the case of a corporation or a partnership, it shall be sufficient cause for the revocation or suspension of the certificate or registration card of such partnership or corporation, or for censure of it, if it be found that any officer, director or member thereof has been guilty of such act or omission as would be cause for revoking or suspending a certificate or card to such person as an individual or for censuring him.

(3) A copy of the complaint shall be served upon the person complained against by personal service or by mailing same to his last known business address and in case the complaint is against a person, who is an officer, director, member or employe of a corporation or partnership, a copy of the complaint shall also be served upon such corporation or partnership. The person so served shall file his answer thereto with the board within twenty days after such service. The board shall thereupon set the matter for hearing as promptly as possible and within thirty days after the date of filing of the answer. At all such hearings the attorney-general of the state, or an assistant designated by him, or the district attorney, or an assistant designated by him, shall be present and represent the interests of the public. The defendant and, if there be a complainant other than the board, the complainant may appear at such hearing in person or by attorney or agent.

(4) No order revoking or suspending a certificate or card censuring the holder thereof shall be made until after a public hearing or hearings held before the board or any member thereof. Such hearing or hearings shall be held in the county where the defendant resides and, in the case of a nonresident, at such places as may be designated by the board. The testimony presented and proceedings had at such hearing shall be taken in shorthand and preserved with the records of the board. The board shall, as soon thereafter as possible, make its findings and determination thereon.

(5) Orders of the board shall be subject to review in the manner provided in chapter 227, except that the place of review shall be the circuit court of the county in which the board's hearing was held.

(6) The display of a card, sign, advertisement, a directory listing, or the issuance of a letterhead bearing the name of an individual, corporation or partnership as a practitioner of public accounting as defined in section 135.02 shall be presumptive evidence in any hearing or prosecution against such person, that the person whose name is so carried thereon is responsible for the same and announcing thereby to practice public accounting. In any hearing or prosecution under this chapter, the proof of a single act prohibited by law shall be sufficient without proving a general course of conduct. [1935 c. 481; 1943 c. 375 s. 52]

135.13 Saving clauses. Nothing contained in this chapter shall in any wise invalidate or set aside certificates of certified public accountants as heretofore granted under the provisions of the sections which are now summarized in chapter 135. It is the intent of the legislature that if any provision in this chapter is held invalid or unconstitutional, all other provisions shall, nevertheless, remain in full force and effect. [1935 c. 481]