
COLORADO REVISED STATUTES

Title 12 **Professions and Occupations**

Article 2 **Accountants**

Effective July 1, 2011

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12-2-101. Legislative declaration.

(1) It is declared to be in the interest of the citizens of the state of Colorado and a proper exercise of the police power of the state of Colorado to provide for the licensing and registration of certified public accountants, to ensure that persons who hold themselves out as possessing professional qualifications as certified public accountants are, in fact, qualified to render accounting services of a professional nature, and to provide for regulation of certified public accountants employed, serving clients, or doing business in Colorado and the maintenance of high standards of professional conduct by those so licensed and registered as certified public accountants. Because of the customary reliance by the public upon audited financial statements and upon financial information presented with the opinion or certificate of persons purporting to possess expert knowledge in accounting or auditing, it is further declared to be in the interest of such citizens to limit and restrict, under the circumstances set forth in this article, the issuance of opinions or certificates relating to accounting or financial statements which utilize or contain wording indicating that the author has expert knowledge in accounting or auditing or which purport to express an independent auditor's opinion as to financial position, financial results of operations, changes in financial position, reliability of financial information, or compliance with conditions established by law or contract to persons so licensed or registered..

(2) It is declared that the state board of accountancy may invoke discipline proactively with regard to certified public accountants employed, serving clients, or doing business in Colorado when required for the protection of the public health, safety, and welfare of the citizens of this state..

12-2-102. Definitions.

As used in this article, unless the context otherwise requires:

(1) "Accredited college or university" means either:

(a) A college or university which is accredited by one of the following regional accrediting agencies:

(I) The middle states association of colleges and schools;

(II) The north central association of colleges and schools;

(III) The New England association of schools and colleges;

(IV) The northwest association of schools and colleges;

(V) The southern association of colleges and schools;

(VI) The western association of schools and colleges; or

(b) A college or university which meets academic standards substantially equivalent to the standards of the agencies specified in paragraph (a) of this subsection (1). The board shall establish by rule what constitutes substantially equivalent academic standards.

(1.5) "Board" means the state board of accountancy.

(2) "Foreign corporation" means a corporation organized under the laws of another state, which meets the requirements of section 12-2-117 (7).

(2.5) "Foreign limited liability company" means a limited liability company organized under the laws of another state, which meets the requirements of section 12-2-117 (7).

(2.7) "Limited liability company" means a limited liability company organized for the sole purpose of providing professional services to the public customarily performed by certified public accountants and includes foreign limited liability companies.

(2.9) "Peer review" means a study, appraisal, or review by an independent certified public accountant of one or more aspects of the professional work of another certified public accountant or of a registered partnership, corporation, or limited liability company that issues attest or compilation reports.

(3) "Person" includes individuals, partnerships, professional corporations, and limited liability companies.

(4) "Professional corporation" means a corporation organized for the sole purpose of providing professional services to the public customarily performed by certified public accountants and includes foreign corporations.

(5) "State" means any state, territory, or insular possession of the United States and the District of Columbia.

12-2-103. State board of accountancy-subject to termination.

(1) The state board of accountancy shall consist of seven members appointed by the governor. Each member of the board shall be a citizen of the United States and a resident of this state. Five members of the board shall be holders of valid certified public accountant certificates issued under the laws of this state, a majority of whom are engaged in active practice as certified public accountants. Two members of the board shall be members of the public who do not hold a certified public accountant certificate. Members shall be appointed for terms of four years each. Any vacancy occurring during a term shall be filled by appointment by the governor for the unexpired term. Upon the expiration of a member's term of office, such member shall continue to serve until a successor is appointed. In no event shall a member of the board serve more than two consecutive terms. The governor shall remove from the board any member whose certificate has become void or has been revoked or suspended and may remove any member of the board for neglect of duty, misconduct, or incompetence.

(2) A majority of the board shall constitute a quorum for the transaction of business.

(3) In any proceeding in court, civil or criminal, arising out of or founded upon any provision of this article, a copy of the records of the board certified as correct by the board shall be admissible in evidence as being the records of the board.

(4) Repealed.

(5) The provisions of section 24-34-104, C.R.S., concerning the termination schedule for regulatory bodies of the state unless extended as provided in that section, are applicable to the state board of accountancy created by this section.

(6) (a) Any member of the board, any member of the board's staff, any person acting as a witness or consultant to the board, any witness testifying in a proceeding authorized under this article, and any person who lodges a complaint pursuant to this article shall be immune from liability in any civil action brought against him or her for acts occurring while acting in his or her capacity as board member, staff, consultant, or witness, respectively, if such individual was acting in good faith within the scope of his or her respective capacity, made a reasonable effort to obtain the facts of the matter as to which he or she acted, and acted in the reasonable belief that the action taken by him or her was warranted by the facts. Any person participating in good faith in lodging a complaint or participating in any investigative or administrative proceeding pursuant to this article shall be immune from any civil or criminal liability that may result from such participation.

(b) The disclosure of reports or working papers subpoenaed by the board or any person or group authorized by the board to conduct an investigation into audit or review attest activities of a certified public accountant or certified public accounting firm pursuant to section 13-90-107 (1) (f) (III) or (1) (f) (IV), C.R.S., which is not in good faith shall subject the member of the board, person, or group to civil

liability for damages to be determined by a court of competent jurisdiction.

12-2-104. Powers and duties of board.

(1) The board has the power and duty to:

(a) Elect annually from among its members a chair and prescribe the duties of such office;

(b) Make such rules and regulations, not inconsistent with the laws of this state, as may be necessary for the orderly conduct of its affairs and for the administration of this article, pursuant to the provisions of article 4 of title 24, C.R.S.;

(c) Make appropriate rules of professional conduct in order to establish and maintain a high standard of integrity in the profession of public accounting. Any rule of professional conduct applies with equal force to all persons holding certificates under this article. No rule of professional conduct shall be promulgated which will work to the disadvantage of one group and in favor of another. Every person practicing as a certified public accountant in the state shall be governed and controlled by such rules. All rules of professional conduct shall be promulgated pursuant to the provisions of article 4 of title 24, C.R.S.

(d), (e) Repealed.

(f) Repealed.

(g) Prescribe forms for and receive applications for certificates and grant certificates, including contracting with people to receive and review the applications as the agent of the board;

(h) Give examinations to applicants and, as necessary, contract for assistance in administering the examination;

(i) Deny the issuance or renewal of, suspend for a specified period, or revoke a certificate; issue a letter of admonition to or place on probation or fine any person who, while holding a certificate, violates this article; issue confidential letters of concern; issue cease-and-desist orders; or impose other conditions and limitations;

(j) Keep a record of all certificates, suspensions, and revocations and of its own proceedings;

(k) Administer this article and exercise and perform any other powers and duties granted or directed by the general assembly;

(l) Collect all fees prescribed by this article.

(m) Repealed.

(2) Publications of the board circulated in quantity outside the executive branch shall be issued in accordance with the provisions of section 24-1-136, C.R.S.

12-2-105. Rules and regulations. (Repealed)

12-2-106. Fees.

(1) A fee authorized to be established pursuant to section 24-34-105, C.R.S., shall be paid for each application made to the board, whether it is an application for examination or reexamination or for issuance, renewal, reactivation, or reinstatement of a certificate of certified public accountant, an application for registration with the board as a public accounting firm, or any other application requiring formal action or consideration by the board. The fee required shall not be returnable irrespective of the action taken by the board.

(2) A fee authorized to be established pursuant to section 24-34-105, C.R. S., shall be paid for each examination in which the candidate is examined in the subjects prescribed by the board.

(3) Any person making application for a certificate of certified public accountant under section 12-2-113 shall pay a fee authorized to be established pursuant to section 24-34-105, C.R.S., in addition to the fee required in subsection (1) of this section.

(4) (Deleted by amendment, L. 2010, (HB 10-1236), ch. 146, p. 502, § 17, effective July 1, 2010.)

(5) Nothing in this section shall be construed to authorize the board to impose any notice, fee, or other submission requirement on a certified public accountant or registered public accountant from another state or a foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company, that is practicing accountancy in this state pursuant to section 12-2-121 (2).

12-2-107. Disposition of fees.

All fees shall be transmitted to the state treasurer, who shall credit the same pursuant to section 24-34-105, C.R.S., and the general assembly shall make annual appropriations pursuant to said section for the expenditures of the board incurred in the performance of its duties under this article, which expenditures shall be made out of such appropriations upon vouchers and warrants drawn pursuant to law.

12-2-108. Certificate of certified public accountant-issuance-renewal-reinstatement-rules.

(1) The board shall grant a certificate of certified public accountant to any applicant who:

- (a) Meets the requirements of section 12-2-113;
- (b) Satisfies the board of the applicant's continued competence; or
- (c) (I) Passes a written examination pursuant to section 12-2-111; and
(II) Meets the requirements of section 12-2-109.

(2) Repealed.

(3) All certificates shall expire pursuant to a schedule established by the director of the division of registrations within the department of regulatory agencies and shall be renewed or reinstated pursuant to section 24-34-102 (8), C.R.S. The director of the division of registrations within the department of regulatory agencies may establish renewal fees and delinquency fees for reinstatement pursuant to section 24-34-105, C.R.S. If a person fails to renew his or her certification pursuant to the schedule established by the director of the division of registrations, such certificate shall expire. Any person whose certificate has expired shall be subject to the penalties provided in this article or section 24-34-102 (8), C.R.S.

(4) and (5) (Deleted by amendment, L. 2004, p. 1793, § 2, effective August 4, 2004.)

(6) Any person who practices certified public accounting after the expiration of his or her certificate shall be practicing in violation of this article. The board may refuse to reactivate or reinstate any expired certificate for conduct that constitutes a violation of this article.

(7) Effective on the first renewal period established by the board after May 31, 2011, the board shall not renew the certificate of a holder who issues attest or compilation reports unless the certificate holder performs public accounting within a partnership, professional corporation, or limited liability company or the certificate holder has undergone a peer review conducted according to rules promulgated by the board that meet the standards for performing and reporting on a peer review of the American institute of certified public accountants or an equivalent standard.

12-2-109. Educational and experience requirements-rules-repeal.

(1) Prior to July 1, 2015, a person meets the educational and experience requirements necessary to be issued a certificate of certified public accountant if the person has:

(a) Successfully completed a course of study concerning the subject of professional ethics, approved by the board, and has passed a written examination concerning such subject prepared and given by educational institutions or professional organizations deemed qualified by the board to administer such examination;

(b) Received a baccalaureate degree conferred by an accredited college or university with an accounting program approved by the board, and has a concentration in accounting or what the board determines to be the equivalent thereof or has a nonaccounting concentration supplemented by what the board determines to be the equivalent of an accounting concentration, including related courses in other areas of business administration, and either:

(I) Has one year's experience that:

(A) Meets the requirements set by the board by rule;

(B) Is in any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, which may be gained through employment in government, industry, academia, or public practice; and

(C) Is verified by an actively licensed certified public accountant; or

(II) Has not less than thirty semester hours' additional study when the baccalaureate is the highest degree held, the total educational program to include an accounting concentration or its equivalent and such related subjects as the board determines to be appropriate.

(2) On and after July 1, 2015, a person meets the educational and experience requirements necessary to be issued a certificate of certified public accountant if the applicant:

(a) (I) Has a baccalaureate or higher degree conferred by an accredited college or university with an accounting program approved by the board or has a baccalaureate with a nonaccounting concentration supplemented by what the board determines to be the equivalent of an accounting concentration, including related courses in other areas of business administration; and

(II) Has completed at least one hundred fifty semester hours of college education approved by the board;

(b) Has successfully completed a course of study concerning the subject of professional ethics approved by the board and passed a written examination concerning such subject prepared and given by educational institutions or professional organizations deemed qualified by the board to administer the examination; and

(c) Has one year's experience that:

(I) Meets the requirements set by the board by rule;

(II) Is in any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, which may be gained through employment in government, industry, academia, or public practice; and

(III) Is verified by an actively licensed certified public accountant who meets the requirements set by the board by rule.

(3) Subsection (1) of this section and this subsection (3) are repealed, effective July 1, 2015.

12-2-110. Alternate educational and experience requirements. (Repealed)

12-2-111. Examinations-reexaminations-rules.

(1) The board shall provide licensure examinations as often as necessary to provide candidates a reasonable opportunity to take the examination. Examinations shall adequately test a candidate's knowledge of accounting, auditing, and any other related subject the board deems relevant and necessary. Any additional examination subject shall be designated by the board by rule. The board shall set the passing score for an examination at a level to adequately reflect the minimum level of competency necessary for the practice of accountancy.

(2) The board shall establish by rule the standards for granting conditional examination credit for candidates who pass one or more but not all of the sections of the examination.

(3) The board may use the standard examinations and advisory grading service promulgated by the American institute of certified public accountants, which examination shall be deemed prima facie to meet the requirements of this section.

(4) A candidate for a certificate of certified public accountant who meets the educational requirements set by the board by rule is entitled to take an examination.

(5) Any candidate who has passed any or all sections of an examination in another state shall be credited for passing such sections if the sections passed are determined by the board to be equivalent to sections of the examination offered in this state and if the testing requirements in the other state are substantially the same as in this state.

(6) If a candidate fails an examination or fails to pass in all subjects as provided in subsection (5) of this section, the board may require the candidate to take additional study before taking another examination.

(7) Repealed.

(8) (Deleted by amendment, L. 93, p. 349, § 1, effective April 12, 1993.)

12-2-112. Approval of schools.

(1) The board shall approve the accounting program of the schools that meet the following requirements:

(a) The school has a curriculum designed to give the candidate proficiency in those subjects in which the candidate must pass an examination to be licensed.

(b) Such school shall have adequate equipment and resources, including suitable facilities for practical instruction and shall maintain an adequate professional library. It shall provide a sufficient number of full-time salaried instructors with satisfactory professional training. It shall provide a satisfactory major in accountancy and allied subjects. It shall require for admission the satisfactory completion of an approved four-year secondary school course of study or the equivalent.

(2) If any applicant is a graduate from a school which has not at the time of the filing of the application been approved by the board, the board may make an investigation to determine whether or not the school did, at the time of said applicant's attendance, meet the requirements set forth in subsection (1) of this section. If the board finds that such school did, at that time, meet the requirements set forth in said subsection (1), the board may approve said school as of the time of the applicant's graduation therefrom.

(3) The board may, after a hearing, withdraw its approval of any school which fails to meet the requirements of the law and the standards of the board. The board shall give notice to the school

complained against and shall hold a hearing on the complaint within a reasonable time after notice is given.

(4) Before disapproving any school for which approval is sought, the board shall give notice to the school of its contemplated action and shall hold a hearing within a reasonable time after notice is given, affording such school an opportunity to be heard.

12-2-113. Issuance of certificate by reciprocity or by passing examination of another state.

(1) The board, in its discretion, may waive the examination of persons qualified under this subsection (1) and may issue a certificate of certified public accountant to:

(a) Any person who is the holder of a certificate of certified public accountant issued after examination under the laws of another state and who possesses the qualifications prescribed in section 12-2-108 for an applicant applying for a certificate as of the time of the issuance of the certificate by such other state or possesses substantially equivalent qualifications;

(b) A person who has passed an examination under the laws of another state and who possesses the qualifications prescribed in section 12-2-108 at the time the person applies for a certificate in this state or possesses substantially equivalent qualifications; or

(c) Any person who is the holder of a certificate, license, or degree in a foreign country which constitutes a recognized qualification for the practice of public accounting in such country, which is comparable to that of a certified public accountant in this state, and which is in full force and effect.

12-2-114. Existing Certificates confirmed. (Repealed)

12-2-115. Use of the title “certified public accountant”.

(1)(a) A person who has received from the board and holds an active certificate of certified public accountant shall be styled and known as a certified public accountant and may also use the abbreviation “C. P.A.”

(b) A partnership, professional corporation, or limited liability company of certified public accountants that is registered under this article may use the words “certified public accountants” or the abbreviation “C.P.A.s” in connection with its partnership, professional corporation, or limited liability company name.

(2) A person authorized to use the title “certified public accountant” or the abbreviation “C.P.A.” shall provide to any client residing in or headquartered in Colorado, during the course of an engagement, an address and telephone number for the certified public accountant's firm or, in the case of a sole practitioner, the address and telephone number of the sole practitioner.

(3) (a) Except as authorized in subsection (4) of this section, a person shall not assume or use the title or designation “certified public accountant”, the abbreviation “C.P.A.”, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant unless the person holds a certificate as a certified public accountant issued under this article or under the laws of any other state. A person who is inactive pursuant to section 12-2-122.5 may use the title “inactive certified public accountant” or “inactive C.P.A.”

(b) Except as authorized by subsection (1) or (4) of this section, an individual, partnership, professional corporation, or limited liability company shall not assume or use any title or designation using the word “certified”, “registered”, “chartered”, “enrolled”, “licensed”, “independent”, or “approved” in conjunction with the word accountant or auditor or any abbreviation thereof or any title, designation, or abbreviation likely to be confused with “certified public accountant” or the abbreviation

“C.P.A.”, including the terms “chartered accountant” and “certified accountant” and the abbreviation “C.A.”

(c) Except as authorized in subsection (4) of this section, a partnership, professional corporation, or limited liability company shall not assume or use the title or designation “certified public accountants”, the abbreviation “C.P.A.s”, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such partnership, professional corporation, or limited liability company is composed of certified public accountants unless such partnership, professional corporation, or limited liability company is registered as a partnership, professional corporation, or limited liability company of certified public accountants under this article or the laws of any other state.

(4) (a) A certified public accountant from another state or jurisdiction of the United States who is practicing in this state pursuant to section 12-2-121 may use the title “certified public accountant”, the abbreviation “C.P.A.”, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(b) A foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company that is practicing in this state pursuant to section 12-2-121 may use the title or designation “certified public accountants”, the abbreviation “C.P.A.s”, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the partnership, corporation, or limited liability company is composed of certified public accountants.

12-2-115.5. Retired certified public accountant.

(1) Any person who has received from the board and holds a certificate of certified public accountant, including an expired certificate of certified public accountant that remains subject to renewal, reactivation, or reinstatement, may apply to the board for retired status. The board may grant such status by issuing a retired status certificate of certified public accountant to any person who meets established conditions prescribed by the board.

(2) Any person issued a retired status certificate of certified public accountant may be styled and known as a “retired certified public accountant” or “retired C.P.A.”

(3) During such time as a certified public accountant remains in a retired status, such person shall not perform those acts set forth in section 12-2-120 (6) (a) and (6) (b). The board shall retain jurisdiction over retired status certified public accountants.

12-2-116. Registered accountants. (Repealed)

12-2-117. Partnerships, professional corporations, and limited liability companies composed of certified public accountants-registration thereof-definitions.

(1) Except as provided in section 12-2-121 (2), a partnership, professional corporation, or limited liability company engaged in this state in the practice of public accounting as certified public accountants shall register with the board as a partnership, professional corporation, or limited liability company of certified public accountants and must meet the following requirements; and, as used in this article, “partnership” includes a registered limited partnership, limited liability partnership, limited liability limited partnership, foreign limited partnership, foreign limited liability partnership, and foreign limited liability limited partnership:

(a) At least one partner, shareholder, or member who shall also be a director or manager thereof must be a certified public accountant or registered firm of this state in good standing.

(b) (I) A simple majority of the ownership of a certified public accounting firm doing business as a public accounting firm in Colorado, in terms of financial interests and voting rights of all partners,

officers, shareholders, members, or managers, shall be licensed certified public accountants in good standing in this state or another state.

(II) (Deleted by amendment, L. 2005, p. 240, § 1, effective July 1, 2005.)

(c) Any other partner, shareholder, or member thereof may, but need not, be a certified public accountant of some state, in good standing, or registered firm in this state who at all times owns such person's partnership interest, corporate share, or membership interest in such person's own right.

(d) Repealed.

(e) Each resident manager in charge of an office of the partnership, professional corporation, or limited liability company in this state must be a certified public accountant of this state in good standing.

(f) (Deleted by amendment, L. 94, p. 1082, § 1, effective May 4, 1994.)

(2) (a) (I) Application for such registration shall be made upon the affidavit of a partner of such partnership, of a shareholder of such professional corporation, or of a member of such limited liability company who is a certified public accountant of this state in good standing and shall provide:

(A) The names and addresses of the persons who are practicing public accounting for the partnership, professional corporation, or limited liability company;

(B) The names and addresses of the persons who are not certified public accountants, but who are partners of a partnership, shareholders of a professional corporation, or members of a limited liability company;

(C) Disclosure of all of the states in which the partnership, professional corporation, or limited liability company is licensed, registered, or permitted to practice. The application shall also disclose all of the states in which licensure, registration, or permission to practice has been denied, suspended, or revoked.

(D) Any other information the board may reasonably request; and

(E) A registration fee, the amount of which shall be set by the board, to cover the board's administrative costs.

(II) Each member of the partnership, professional corporation, or limited liability company may receive a copy of the application.

(III) The partner, shareholder, or member designated by the firm shall notify the board in writing within thirty days after any change in the partnership, professional corporation, or limited liability company, including:

(A) Identities and numbers of partners, shareholders, members, managers, or officers; and

(B) Location of places of business of the partnership, professional corporation, or limited liability company.

(IV) The board may suspend or revoke registration of or impose any other discipline the board sees fit to administer to a partnership, professional corporation, or limited liability company that fails to notify the board of any changes outlined in subparagraph (III) of this paragraph (a).

(b) The board shall in each case determine whether the applicant is eligible for registration.

(2.2) Each firm registration expires pursuant to a schedule established by the director of the division of registrations within the department of regulatory agencies. The registrant shall renew or reinstate the registration. The director of the division of registrations within the department of regulatory agencies may establish renewal fees and delinquency fees for reinstatement pursuant to section 24-34-105, C.R.S. If a

firm fails to renew its registration pursuant to the schedule established by the director of the division of registrations, the registration shall expire. A firm whose registration has expired shall be subject to the penalties provided in this article or section 24-34-102 (8), C.R.S.

(2.5) As used in subsections (3) and (3.5) of this section, “employee” includes a member of a limited liability company and a partner in a limited partnership, limited liability partnership, or limited liability limited partnership or foreign limited partnership, limited liability partnership, or limited liability limited partnership.

(3) The corporation must be in compliance with the “Colorado Business Corporation Act”, articles 101 to 117 of title 7, C.R.S., and, to the extent applicable under section 7-117-103, C.R.S., with the “Colorado Corporation Code”, articles 1 to 10 of title 7, C.R.S., as said articles existed prior to their repeal on July 1, 1994. The limited liability company must be in compliance with the “Colorado Limited Liability Company Act”, article 80 of title 7, C.R.S. The organizing documents of any partnership, the articles of incorporation of any such corporation, or the articles of organization of any such limited liability company shall contain provisions complying with the following requirements:

(a) The partnership, corporation, or limited liability company shall be organized solely for the purpose of practicing accountancy and such other activities as may from time to time be specifically found by the board to be activities suitable and proper to be performed by certified public accountants only through or under the supervision of at least one person who holds a certificate to practice public accounting as a certified public accountant.

(b) Each partner who is personally engaged within this state in the practice of public accounting shall be a certified public accountant of this state in good standing, and each partner not personally engaged within this state in the practice of public accounting may, but need not, be a certified public accountant of some state in good standing. The president of any such corporation shall be a shareholder and a director, and one or more of such directors shall be certified public accountants of this state in good standing. The manager or managers of any such limited liability company shall be a member or members and one or more of such managers shall be certified public accountants of this state in good standing. Lay directors and officers and managers shall not exercise any authority whatsoever over professional matters.

(c) All partners, shareholders of the corporation, or members of the limited liability company shall be jointly and severally liable for all acts, errors, and omissions of the employees of the partnership, corporation, or limited liability company except during periods of time when the partnership, corporation, or limited liability company maintains in good standing professional liability insurance, or designated or segregated moneys in lieu of such professional liability insurance, which meets the standards set forth in subparagraphs (I) to (V) of this paragraph (c):

(I) The insurance shall insure the partnership, corporation, or limited liability company against liability imposed upon the partnership, corporation, or limited liability company by law for damages resulting from any claim made against the partnership, corporation, or limited liability company arising out of acts, errors, and omissions committed in the performance of professional services for others by those employees of the partnership, corporation, or limited liability company who hold certificates to practice public accounting as certified public accountants.

(II) Such policies shall insure the partnership, corporation, or limited liability company against liability imposed upon it by law for damages arising out of the acts, errors, and omissions of all other employees.

(III) The insurance shall be in an amount for each claim of at least fifty thousand dollars multiplied by the number of certified public accountants employed by or members of the partnership, corporation, or limited liability company within this state, and the policy may provide for an aggregate top limit of liability per year for all claims of one hundred fifty thousand dollars also multiplied by the number of

certified public accountants employed by or members of the partnership, corporation, or limited liability company within this state; except that no firm shall be required to carry insurance in excess of three hundred thousand dollars for each claim with an aggregate top limit of liability for all claims during the year of one million dollars and except that the board, in the public interest, may adopt regulations increasing the minimum amounts of insurance coverage required by this subsection (3). A policy of insurance obtained in accordance with this subparagraph (III) may be issued on a claims-made or occurrence basis.

(IV) (A) The policy may provide that it does not apply to: Any dishonest, fraudulent, criminal, or malicious act or omission of the insured partnership, corporation, or limited liability company or any partner, stockholder, member, or employee thereof; the conduct of any business enterprise in which the insured partnership, corporation, or limited liability company under this article is not permitted to engage but which nevertheless may be owned by the insured partnership, corporation, or limited liability company or in which the insured partnership, corporation, or limited liability company may be a partner or which may be controlled, operated, or managed by the insured partnership, corporation, or limited liability company in its own or in a fiduciary capacity including the ownership, maintenance, or use of any property in connection therewith; and bodily injury to, or sickness, disease, or death of, any person, or to injury to or destruction of any tangible property, including the loss of use thereof.

(B) The policy may be of a type reasonably available in the commercial insurance market and may contain reasonable provisions with respect to policy periods, territory, claims, conditions, exclusions, and other usual matters.

(C) The policy may provide for a deductible, or self-insured retained amount, and may provide for the payment of defense or other costs out of the stated limits of the policy, in either or both cases, all partners, shareholders of the corporation, or members of the limited liability company shall be jointly and severally liable for all acts, errors, and omissions of the employees of the partnership, corporation, or limited liability company to the extent of the amount of such deductible or retained self-insurance, and the amount, if any, by which the payment of defense costs reduces the insurance remaining available for the payment of claims below the minimum limit of insurance required by this paragraph (c).

(V) A partnership, corporation, or limited liability company may maintain, in lieu of the insurance specified in subparagraph (III) of this paragraph (c), moneys specifically designated and segregated as security for the payment of liabilities imposed by law against the partnership, corporation, or limited liability company, or its partners, shareholders, or members, arising out of claims of the type specified in subparagraphs (I) and (II) of this paragraph (c), in the amount of at least fifty thousand dollars multiplied by the number of certified public accountants employed by or members of the partnership, corporation, or limited liability company within this state; except that such amount is not required to exceed one million dollars and except that the board, in the public interest, may adopt rules increasing the minimum amount of designated and segregated moneys required by this subparagraph (V). The partnership, corporation, or limited liability company remains in compliance with this section notwithstanding amounts paid from the designated or segregated moneys in any one calendar year in settling or discharging such claims, so long as the amount of the designated and segregated moneys is increased to at least the minimum required amount as of the first business day of the next calendar year. A partnership, corporation, or limited liability company is in compliance with this subparagraph (V) if it maintains moneys in the required amount in trust or in bank escrow in the form of cash, bank certificates of deposit, or United States treasury obligations, or maintains in effect bank unconditional, irrevocable letters of credit in the required amount or insurance or surety company bonds in the required amount. Such moneys or equivalency shall be maintained in or issued by a qualified United States financial institution as defined by section 10-1-102 (17), C.R.S.

(d) A partnership name shall be ended by words or abbreviations permitted pursuant to the law under which the partnership is organized. The corporate name shall be ended by the word "Corporation" or

“Incorporated” or by the words “Professional Corporation” or by the abbreviations “Corp.,” “Inc.,” or “P.C.”. The name of any limited liability company shall be ended by the words “Limited Liability Company” or the abbreviation “LLC” or the word limited may be abbreviated as “Ltd.,” and the word company may be abbreviated as “Co.”. An assumed or trade name may be used if it is not misleading and clearly indicates that the firm is engaged in providing accounting services.

(3.5) No limited liability company, limited liability partnership, limited partnership, or limited liability limited partnership, or foreign limited partnership, limited liability partnership, or limited liability limited partnership engaged in the practice of public accounting in this state and in one or more other jurisdictions shall be required to include a provision in its articles of organization or organizing documents as otherwise required by subsection (3) of this section, but shall be subject, with respect to the practice of public accounting within this state, to the requirements of paragraphs (a), (b), (c), and (d) of subsection (3) of this section.

(3.7) Effective on the first renewal period established by the board after May 31, 2011, the board shall not renew the registration of a firm that issues attest or compilation reports unless the registered partnership, professional corporation, or limited liability company has undergone a peer review conducted according to rules promulgated by the board that meet the standards for performing and reporting on a peer review of the American institute of certified public accountants or an equivalent standard.

(4) The partnership, corporation, or limited liability company may exercise the powers and privileges conferred upon partnerships, corporations, and limited liability companies by the laws of Colorado in furtherance of and subject to its partnership, corporate, or limited liability company purposes and may invest its funds in a manner not incompatible with the practice of public accounting as certified public accountants. Any stock purchased by the corporation, or membership interest purchased by the limited liability company or partnership interest purchased by the partnership may be made out of capital as well as surplus without regard to the impairment of the partnership capital, corporation capital, or limited liability company capital.

(5) The partnership, corporation, or limited liability company shall do nothing in this state which, if done by a person who holds a certificate as a certified public accountant within this state and employed by it, would violate the provisions of this article. Any violation by the partnership, corporation, or limited liability company of this article shall be grounds for the board to deny, revoke, suspend, or refuse to renew its registration, or the board may fine, issue a confidential letter of concern to, issue a letter of admonition to, or place on probation the registrant.

(6) Nothing in this section shall diminish or change the obligation of each person who holds a certificate of certified public accountant employed by the partnership, corporation, or limited liability company within this state to conduct such person's practice in accordance with the provisions of this article. Any person who holds a certificate to practice public accounting as a certified public accountant who, by act or omission, causes the partnership, corporation, or limited liability company to act or fail to act in a way which violates this article is personally responsible for such act or omission and subject to discipline therefor.

(7) Foreign partnerships, corporations, limited partnerships, limited liability limited partnerships, or limited liability companies may engage in the practice of public accounting in this state as certified public accountants so long as their organizing documents, articles of incorporation, or articles of organization provide that such partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company is organized solely for the purpose of practicing accountancy and such other activities as may from time to time be specifically found by the board to be activities suitable and proper to be performed by certified public accountants and comply with and meet the requirements of subsection (3) of this section.

(8) Except as provided in this section, partnerships, professional corporations, and limited liability

companies shall not practice public accounting as certified public accountants.

(9) Nothing in this section shall modify the accountant-client privilege specified in section 13-90-107 (1) (f), C.R.S.

(10) When any law of this state or any rule or regulation of any agency or other authority established under the constitution or laws of this state requires or authorizes any audit, financial report, or statement to be made, approved, or certified by a certified public accountant, such audit, report, or statement may be made, approved, or certified by a partnership, professional corporation, or limited liability company registered in this state.

12-2-118. Partnerships or professional corporations composed of registered accountants - registration thereof. (Repealed)

12-2-119. Continuing education.

(1) to (4) Repealed.

(5) As a condition of renewing, reactivating, or reinstating a certificate of certified public accountant, every applicant shall comply with continuing education requirements adopted by the board.

(6) The board shall promulgate rules and regulations governing the following:

(a) The basic requirements for continuing education; except that the board shall not require continuing education of more than eighty hours every two years;

(b) A delineation of qualifying programs;

(c) A system of control and reporting.

(7) In exercising its power under subsection (6) of this section, the board shall, as a basis for a high standard of practice by certified public accountants, establish requirements which will assure reasonable currency of knowledge. The requirements shall assure that a variety of alternative means of compliance with continuing education requirements are available to certificate holders and shall take cognizance of specialized areas of practice.

(8) The board shall make exceptions from continuing education requirements for holders of certificates who are not engaged in public practice or who cannot continue their education for reasons of health, military service, or other good cause. If such holders of certificates return to the practice of public accounting, the holders of certificates shall meet such continuing education requirements as the board may determine.

(9) The board shall determine in each case whether a holder of certificate of certified public accountant has complied with continuing education requirements adopted by the board.

12-2-120. Unlawful acts.

(1) and (2) (Deleted by amendment, L. 2010, (HB 10-1236), ch. 146, p. 500, § 12, effective July 1, 2010.)

(3) and (4) Repealed.

(5) (Deleted by amendment, L. 2010, (HB 10-1236), ch. 146, p. 500, § 12, effective July 1, 2010.)

(6) (a) (I) No person, partnership, professional corporation, or limited liability company shall issue, author, or publish any opinion or certificate relating to any accounting or financial statement if such opinion or certificate utilizes any title or designation, the use of which is prohibited by law.

(II) No person, partnership, professional corporation, or limited liability company shall, without an active certificate of certified public accountant or a valid registration:

(A) As an independent auditor, make or conduct an investigation, examination, or audit of the financial statements or supporting records of any person, organization, or corporation, to determine the accuracy or fairness with which they present the financial position, changes in financial position, or financial results of operations of such person, organization, or corporation;

(B) Attest or express an opinion, as an independent auditor, as to the financial position, changes in financial position, or financial results of the operation of any person, organization, or corporation, or as to the accuracy or reliability of any financial information contained in any such accounting or financial statement.

(III) The requirement in subparagraph (II) of this paragraph (a) that a person, partnership, professional corporation, or limited liability company have an active certificate of certified public accountant or a valid registration issued by the board shall not apply to a certified public accountant from another state or a foreign partnership, professional corporation, or limited liability company practicing accountancy in this state pursuant to section 12-2-121 (2).

(b) The provisions of paragraph (a) of this subsection (6) shall not prohibit any officer or employee of a corporation, partner or employee of a partnership, member or employee of a limited liability company, or individual or employee of an individual from:

(I) Making or conducting such investigation, examination, or audit; or

(II) Issuing or authoring an assessment or certificate utilizing any wording designating the position, title, or office that the person holds concerning the financial affairs of such corporation, partnership, limited liability company, or individual.

(c) The provisions of paragraph (a) of this subsection (6) shall not prohibit any act of a public official or public employee in the performance of his duties as such or affect the qualifications of any person to testify as a witness before any court or administrative agency of the state of Colorado who is determined to be qualified by such court or agency.

(d) The term “independent auditor” as used in this section shall mean any person or corporation engaged or employed to make or conduct an audit of the financial statements or supporting records of any person, organization, or corporation, to determine, on the basis of such audit, the accuracy or fairness with which they present the financial position, changes in financial position, or financial results of operations of such person, organization, or corporation, other than an officer, employee, or partner of the person, organization, or corporation under audit.

(e) The provisions of paragraph (a) of this subsection (6) shall not prohibit the performance by persons other than certified public accountants of other services involving the use of accounting skills, including the preparation of tax returns and the preparation of financial statements without the expression of opinions or assurances thereon.

(7) and (8) Repealed.

(9) Nothing in this section shall be construed to prohibit any person from preparing or assisting in the preparation of any report or tax return to any agency of the federal, state, or local government or other political subdivision if such preparation or assistance is otherwise permissible under law or under the regulations of such agency or from affixing the signature of the person or firm so preparing or assisting in the preparation of any such report or return to said report or return.

(10) and (11) Repealed.

12-2-121. Exceptions-acts not prohibited-rules.

(1) Nothing in this article shall prohibit any person not a certified public accountant from serving as an employee of or an assistant to a certified public accountant holding an active certificate or serving as an employee or assistant of a validly registered partnership, professional corporation, or limited liability company composed of certified public accountants. Such employee or assistant shall not issue any accounting or financial statement over his name.

(2) (a) Nothing in this article shall prohibit a certified public accountant whose principal place of business is located in another state or jurisdiction of the United States from practicing in this state on professional business, as defined by rules promulgated by the board. Such practice shall be conducted in conformity with rules promulgated by the board. Notwithstanding the requirements of section 12-2-117, a foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company may engage in the practice of accountancy in this state without registering with the board.

(b) Nothing in this article shall prohibit:

(I) An accountant who holds a certificate, degree, or license in a foreign country, constituting a recognized qualification for the practice of public accounting in such country, from practicing in this state on professional business incident to his or her regular practice outside this state, as defined by the board. Such practice shall be conducted in conformity with rules promulgated by the board.

(II) Repealed.

(III) Repealed.

(c) A certified public accountant from another state or jurisdiction of the United States who is practicing in this state pursuant to this subsection (2) and the firm that employs the certified public accountant simultaneously consent, as a condition of practicing in this state:

(I) To be subject to the jurisdiction of and disciplinary authority of the board;

(II) To comply with the requirements of this subsection (2) and rules promulgated by the board pursuant to this subsection (2);

(III) That if the certified public accountant's certificate, license, or registration issued by the state in which the certified public accountant's principal place of business is located is no longer valid, the certified public accountant will cease to offer or render professional services in this state, either individually or on behalf of a firm; and

(IV) To appoint the state board or entity that issued a certificate, license, or registration to the certified public accountant as the agent for service of process in any action or proceeding brought by the board against the certified public accountant.

(d) The board may recover its reasonable costs incurred as part of its investigative, administrative, and disciplinary proceedings against a certified public accountant from another state or jurisdiction of the United States or from a foreign country if the board:

(I) Enters a final order against the certified public accountant, finding that the certified public accountant violated a provision of this article, a rule adopted by the board, or an order of the board with which the certified public accountant is obligated to comply and the board has the authority to enforce; or

(II) Enters into a consent or settlement agreement in which the board finds, or the certified public accountant admits or does not contest, that he or she violated a provision of this article, a rule adopted by the board, or an order of the board with which the certified public accountant is obligated to comply and the board has the authority to enforce.

12-2-122. Single act evidence of practice.

Any person who displays, utters, or causes to be displayed or uttered a card, sign, advertisement, or other printed, engraved, or written instrument or device bearing such person's name in conjunction with the words "certified public accountant", the abbreviation "C.P.A.", or any title, designation, or abbreviation prohibited by section 12-2-115 may be presumed in any action brought under section 12-2-126 to have held himself or herself out to be a certified public accountant holding an active certificate of certified public accountant pursuant to section 12-2-108. In any legal action brought under this article, evidence of the commission of a single act prohibited by this article is sufficient to justify an injunction.

12-2-122.5. Inactive certificant.

(1) The holder of a certificate of certified public accountant, upon written notice by first class mail to the board, shall have his or her name transferred to an inactive list and shall not be required to comply with the continuing education requirements for certificate renewal pursuant to section 12-2-119 so long as he or she remains inactive. Each inactive certificant shall register in the same manner as active certificate holders and pay a fee pursuant to section 12-2-108 (3). At such time as an inactive certificant wishes to resume the practice of public accounting as a certified public accountant, he or she shall file an application therefor, meet any education requirements imposed by the board, and pay a fee as established by the director of the division of registrations within the department of regulatory agencies.

(2) During such time as a certified public accountant remains in an inactive status, the certified public accountant shall not perform those acts restricted to active certified public accountants pursuant to section 12-2-120 (6) (a). The board shall retain jurisdiction over inactive certified public accountants for the purposes of disciplinary action pursuant to section 12-2-123.

12-2-123. Grounds for disciplinary action-administrative penalties.

(1) After notice and hearing as provided in section 12-2-125, the board may deny the issuance of, refuse to renew, revoke, or suspend any certificate of a certified public accountant issued under this article or any prior law of this state or may fine, issue a letter of admonition to, or place on probation the holder of any certificate and impose other conditions or limitations for any of the following causes:

(a) Fraud or deceit in obtaining or in attempting to obtain a certificate as a certified public accountant or in obtaining registration under this article;

(b) Fraud or negligence in the practice of public accounting in Colorado or any other state or in the filing of or failure to file the certified public accountant's own income tax returns;

(c) Violation of any provision of this article, of any final rule or regulation promulgated by the board, or of any valid agency order;

(d) Violation of a rule of professional conduct promulgated by the board under the authority granted by this article;

(e) Conviction of a felony under the laws of any state or of the United States, and, for the purposes of this paragraph (e), a plea of guilty or a plea of nolo contendere accepted by the court shall be considered as a conviction;

(f) Conviction of any crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States, and, for the purposes of this paragraph (f), a plea of guilty or a plea of nolo contendere accepted by the court shall be considered as a conviction;

(g) Discipline taken against the person's authority to practice as a certified public accountant or a public accountant in any jurisdiction;

(h) Discipline taken against the person's right to practice before any state or federal agency or agency outside the United States or the public company accounting oversight board, created by the federal

“Sarbanes-Oxley Act of 2002”, 15 U.S.C. sec. 7201 et seq., for improper conduct or willful violation of the rules or regulations of such state or federal agency or the public company accounting oversight board;

(i) Repealed.

(j) Providing public accounting services to the public for a fee without an active certificate of certified public accountant or a valid registration or acting as a member, partner, or shareholder of a partnership or professional corporation registered pursuant to section 12-2-117;

(k) and (l) Repealed.

(m) Failure to comply with the requirements for continuing education as prescribed by the board;

(n) An act or omission which fails to meet generally accepted accounting principles or generally accepted auditing standards in the profession;

(o) Use of false, misleading, or deceptive advertising;

(p) Habitual intemperance with respect to or excessive use of a habit-forming drug, controlled substance as defined in section 12-22-303 (7), or alcoholic beverage that renders the certified public accountant unfit to practice public accounting;

(q) Failure to retain records of the work performed for each client for a period of five years;

(r) Failure of a partnership, professional corporation, or limited liability company to register with the board pursuant to section 12-2-117 and to renew the registration as prescribed by the board.

(2) In considering the conviction of crimes, as provided in paragraphs (e) and (f) of subsection (1) of this section, the board shall be governed by the provisions of section 24-5-101, C.R.S.

(3) (Deleted by amendment, L. 2010, (HB 10-1236), ch. 146, p. 497, § 9, effective July 1, 2010.)

(4) No certificant whose certificate is revoked shall be allowed to apply for reinstatement of such certificate earlier than two years after the effective date of the revocation.

(5) (a) In addition to any other penalty that may be imposed pursuant to this section, any person violating this article or any rules promulgated pursuant to this article may be fined upon a finding of misconduct by the board as follows, either:

(I) In a proceeding against a certificant, a fine not in excess of five thousand dollars per violation; or

(II) In a proceeding against a registrant, a fine not in excess of ten thousand dollars per violation.

(b) All fines collected pursuant to this subsection (5) shall be transferred to the state treasurer, who shall credit such moneys to the general fund.

12-2-123.5. Response to board communication.

A certificant shall, at the request of the board, respond to communications from the board within thirty days after the mailing of any communication.

12-2-124. Revocation or suspension of partnership, professional corporation, or limited liability company registration.

(1) After notice and hearing as provided in section 12-2-125, the board shall revoke the registration of a partnership, professional corporation, or limited liability company if, at the time of such hearing, the partnership, professional corporation, or limited liability company does not have all the qualifications prescribed by the section of this article under which it qualified for registration.

(2) After notice and hearing as provided in section 12-2-125, the board may deny, revoke, suspend,

or refuse to renew the registration of a partnership, professional corporation, or limited liability company or the board may fine, issue a letter of admonition to, or place on probation a registrant for any of the causes enumerated in section 12-2-123 or for the following additional causes:

(a) The revocation, suspension, or refusal to renew the certificate of any partner, shareholder, or member;

(b) The cancellation, revocation, suspension, or refusal to renew the authority of the partnership or any partner thereof to practice public accounting in any other jurisdiction;

(c) The cancellation, revocation, suspension, or refusal to renew the authority of the professional corporation, limited liability company, or foreign corporation or limited liability company or any shareholder or member thereof to practice public accounting by any other state or federal jurisdiction, or jurisdiction outside the United States or the public company accounting oversight board, created by the federal "Sarbanes-Oxley Act of 2002", 15 U.S.C. sec. 7201 et seq.

12-2-125. Hearings before board-notice-procedure-review.

(1) (a) The board may initiate proceedings under this article, either on its own motion or on the complaint of any person.

(b) The board, through the department of regulatory agencies, may employ administrative law judges on a full-time or part-time basis to conduct hearings as provided by this article or on any matter within the board's jurisdiction upon such conditions and terms as the board may determine.

(2) Except as otherwise provided in this article, all proceedings before the board with respect to the denial, suspension, or revocation of certificates or registrations issued under this article shall be conducted pursuant to the provisions of sections 24-4-104 and 24-4-105, C.R.S.

(3) If, after having been served with the notice of hearing as provided for in this section, the accused fails to appear at the hearing and defend, the board may proceed to hear evidence against the accused and may enter such order as is justified by the evidence, which order shall be final unless the accused petitions for a review thereof as provided in this section. Within thirty days after the date of any order, upon a showing of good cause for failing to appear and defend, the board may reopen the proceedings and may permit the accused to submit evidence in his or her behalf.

(4) The board or an administrative law judge shall have the power to administer oaths, take affirmations of witnesses, and issue subpoenas to compel the attendance of witnesses and the production of all relevant papers, books, records, documentary evidence, and materials in any hearing, investigation, accusation, or other matter coming before the board. The board may appoint an administrative law judge pursuant to part 10 of article 30 of title 24, C.R.S., to take evidence and to make findings and report them to the board.

(4.5) Upon failure of any witness to comply with such subpoena or process, the district court of the county in which the subpoenaed person or licensee resides or conducts business, upon application by the board or director with notice to the subpoenaed person or licensee, may issue to the person or licensee an order requiring that person or licensee to appear before the board or director; to produce the relevant papers, books, records, documentary evidence, or materials if so ordered; or to give evidence touching the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

(5) At all hearings, the attorney general of this state or one of the attorney general's designated assistants shall appear and represent the board.

(6) The decision of the board shall be by majority vote thereof.

12-2-126. Investigations, examinations, and cease-and-desist orders against unlawful act.

(1) (a) (I) The board, on its own motion based on reasonable grounds or on the signed, written complaint of any person, may investigate any person who has engaged, is engaging, or threatens to engage in any act or practice that constitutes a violation of any provision of this article. The board or any member thereof may administer oaths, take affirmations of witnesses, and issue subpoenas to compel the attendance of witnesses and the production of all relevant papers, books, records, documentary evidence, and materials in any hearing, investigation, accusation, or other matter coming before the board. The board may appoint an administrative law judge pursuant to part 10 of article 30 of title 24, C.R.S., to take evidence and to make findings and report them to the board.

(II) Upon failure of any witness to comply with such subpoena or process, the district court of the county in which the subpoenaed person or licensee resides or conducts business, upon application by the board or director with notice to the subpoenaed person or licensee, may issue to the person or licensee an order requiring that person or licensee to appear before the board or director; to produce the relevant papers, books, records, documentary evidence, or materials if so ordered; or to give evidence touching the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

(b) (I) Complaints of record that are dismissed by the board and the results of investigation of such complaints shall be closed to public inspection.

(II) Upon completing an investigation, the board shall make one of the following findings:

(A) The complaint is without merit and no further action need be taken.

(B) There is no reasonable cause to warrant further action.

(C) The investigation discloses an instance of conduct that does not warrant formal action and should be dismissed, but the investigation discloses indications of possible errant conduct that could lead to serious consequences if not corrected. If this finding is made, the board shall send a confidential letter of concern to the licensee or registrant.

(D) The investigation discloses an instance of conduct that does not warrant formal action but should not be dismissed as being without merit. If this finding is made, the board may send a letter of admonition to the licensee or registrant by certified mail.

(E) The investigation discloses facts that warrant further proceedings by formal complaint. If this finding is made, the board shall refer the complaint to the attorney general for preparation and filing of a formal complaint.

(III) (A) When a letter of admonition is sent to a licensee or registrant, the board shall include in the letter a notice that the licensee or registrant has the right to request in writing, within twenty days after receipt of the letter, that formal disciplinary proceedings be initiated to adjudicate the propriety of the conduct upon which the letter of admonition is based.

(B) If the request for adjudication is timely made, the letter of admonition is vacated and the board shall proceed by means of formal disciplinary proceedings.

(IV) The board shall conduct all proceedings pursuant to this subsection (1) expeditiously and informally so that no licensee or registrant is subjected to unfair and unjust charges and that no complainant is deprived of the right to a timely, fair, and proper investigation of a complaint.

(c) Complaints of record that are not dismissed by the board and are the results of investigations of such complaints shall be closed to public inspection and any meeting concerning such complaints shall be

closed to the public during the investigatory period and until a stipulated agreement is reached between the applicant or certificate holder and the board or until notice of hearing and charges are filed and served on an applicant or certificate holder. Except for confidential books of account, financial records, advice, reports, or working papers provided by the client, the certified public accountant, or the certified public accounting firm, the board's records and papers shall be subject to the provisions of sections 24-72-203 and 24-72-204, C.R.S., regarding public records and confidentiality.

(2) (a) If it appears to the board, based upon credible evidence as presented in a written complaint by any person, that a certificate holder or registered firm is acting in a manner that is an imminent threat to the health, safety, and welfare of the public or a person is acting or has acted without the required certificate or registration, the board may issue an order to cease and desist such activity. The order shall set forth the statutes and rules alleged to have been violated, the facts alleged to have constituted the violation, and the requirement that all unlawful acts or uncertified or unregistered practices immediately cease.

(b) Within ten days after service of the order to cease and desist pursuant to paragraph (a) of this subsection (2), the respondent may request a hearing on the question of whether acts or practices in violation of this article have occurred. Such hearing shall be conducted pursuant to sections 24-4-104 and 24-4-105, C.R.S.

(3) (a) If it appears to the board, based upon credible evidence as presented in a written complaint by any person, that a person has violated any other portion of this article, then, in addition to any specific powers granted pursuant to this article, the board may issue to such person an order to show cause as to why the board should not issue a final order directing such person to cease and desist from the unlawful act or uncertified practice.

(b) A person against whom an order to show cause has been issued pursuant to paragraph (a) of this subsection (3) shall be promptly notified by the board of the issuance of the order, along with a copy of the order, the factual and legal basis for the order, and the date set by the board for a hearing on the order. Such notice may be served by personal service, by first-class United States mail, postage prepaid, or as may be practicable upon any person against whom such order is issued. Personal service or mailing of an order or document pursuant to this subsection (3) shall constitute notice thereof to the person.

(c) (I) The hearing on an order to show cause shall be commenced no sooner than ten and no later than forty-five calendar days after the date of transmission or service of the notification by the board as provided in paragraph (b) of this subsection (3). The hearing may be continued by agreement of all parties based upon the complexity of the matter, number of parties to the matter, and legal issues presented in the matter, but in no event shall the hearing commence later than sixty calendar days after the date of transmission or service of the notification.

(II) If a person against whom an order to show cause has been issued pursuant to paragraph (a) of this subsection (3) does not appear at the hearing, the board may present evidence that notification was properly sent or served upon such person pursuant to paragraph (b) of this subsection (3) and such other evidence related to the matter as the board deems appropriate. The board shall issue the order within ten days after the board's determination related to reasonable attempts to notify the respondent, and the order shall become final as to that person by operation of law. Such hearing shall be conducted pursuant to sections 24-4-104 and 24-4-105, C.R.S.

(III) If the board reasonably finds that the person against whom the order to show cause was issued is acting or has acted without the required certificate or has or is about to engage in acts or practices constituting violations of this article, a final cease-and-desist order may be issued directing such person to cease and desist from further unlawful acts or uncertified practices.

(IV) The board shall provide notice, in the manner set forth in paragraph (b) of this subsection (3), of

the final cease-and-desist order within ten calendar days after the hearing conducted pursuant to this paragraph (c) to each person against whom the final order has been issued. The final order issued pursuant to subparagraph (III) of this paragraph (c) shall be effective when issued and shall be a final order for purposes of judicial review.

(4) If it appears to the board, based upon credible evidence presented to the board, that a person has engaged in or is about to engage in any uncertified act or practice, any act or practice constituting a violation of this article, any rule promulgated pursuant to this article, any order issued pursuant to this article, or any act or practice constituting grounds for administrative sanction pursuant to this article, the board may enter into a stipulation with such person.

(5) If any person fails to comply with a final cease-and-desist order or a stipulation, the board may request the attorney general or the district attorney for the judicial district in which the alleged violation exists to bring, and if so requested such attorney shall bring, suit for a temporary restraining order and for injunctive relief to prevent any further or continued violation of the final order.

(6) A person aggrieved by the final cease-and-desist order may seek judicial review of the board's determination or of the board's final order as provided in section 12-2-127.

(7) When a complaint or an investigation discloses an instance of misconduct that, in the opinion of the board, warrants formal action, the complaint shall not be resolved by a deferred settlement, action, judgment, or prosecution.

12-2-127. Judicial review.

(1) Any person aggrieved by any final action or order of the board and affected thereby is entitled to a review thereof by the court of appeals by appropriate proceedings under section 24-4-106 (11), C.R.S.

(2) For the purposes of review, the residence of the board shall be the city and county of Denver.

12-2-128. Reconsideration and review of action of board.

The board, on its own motion or upon application, at any time after the imposition of any discipline as provided in section 12-2-123 (1), may reconsider its prior action and reinstate or restore such license or terminate probation or reduce the severity of its prior disciplinary action. The taking of any such further action, or the holding of a hearing with respect thereto, shall rest in the sole discretion of the board.

12-2-129. Unauthorized practice-penalties.

Any person who violates section 12-2-115 or 12-2-120 (6) (a) commits a class 2 misdemeanor and shall be punished as provided in section 18-1.3-501, C.R.S. , for the first offense, and, for the second or any subsequent offense, the person commits a class 6 felony and shall be punished as provided in section 18-1.3-401, C.R.S.

12-2-130. Ownership of accountant's working papers.

All statements, records, schedules, working papers, and memoranda made by a certified public accountant incident to or in the course of professional service to a client by the certified public accountant, except financial statements submitted by a certified public accountant to a client and books and records prepared for the use of the client, shall be and remain the property of the certified public accountant in the absence of an express agreement to the contrary between the certified public accountant and the client.

12-2-130.5. Ownership of state auditor's work papers.

Except for reports submitted to the legislative audit committee and books and records prepared for use by such committee, all statements, records, schedules, working papers, and memoranda prepared by a certified public accountant in the employ of the state auditor's office, in the course of professional service to the legislative audit committee, shall be and remain the property of the state auditor's office and shall be kept confidential unless a majority of the members of the legislative audit committee vote to open such documents.

12-2-131. Professional corporations for the practice of public accounting as certified public accountants or as registered accountants. (Repealed)

12-2-132. Repeal of article.

(1) This article is repealed, effective July 1, 2019.

(2) Prior to such repeal, the state board of accountancy shall be reviewed as provided in section 24-34-104, C.R.S.