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APPROVED AND SIGNED BY THE GOVERNOR

19 MAR 27 P11:41

Date 3-27-79

Time 8:25 A.M.

OFFICE OF THE  
CLERK OF STATE  
**WEST VIRGINIA LEGISLATURE**

REGULAR SESSION, 1979

— ● —

**ENROLLED**

*Committee Substitute for*  
**HOUSE BILL No. 1386**

(By Mr. Moaton)

— ● —

Passed March 7, 1979

In Effect Ninety Days From Passage



No. 1386

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19 MAR 27 P11:42

OFFICE OF THE  
CLERK OF STATE

**ENROLLED**

**COMMITTEE SUBSTITUTE**

**FOR**

**H. B. 1386**

(By MR. WOOTON)

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[Passed March 7, 1979; in effect ninety days from passage.]

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AN ACT to amend article nine, chapter thirty of the code of West Virginia, one thousand nine hundred thirty-one, as amended by adding thereto a new section, designated section four-b, providing for the organization of accounting corporations for the practice of public accounting, maintaining the accountant-client relationship and any liability arising therefrom; specifying that the creation of an accounting corporation shall not affect ethical standards of conduct; specifying that an accounting corporation may issue its capital stock only to duly licensed public accountants or certified public accountants; relating to authorization for accounting corporations by the West Virginia board of accountancy; relating to fees; authorizing the West Virginia board of accountancy to adopt rules and regulations in connection with accounting corporations; relating to issuance of certificate of incorporation for an accounting corporation; establishing restrictions upon the transfer of shares of stock in an accounting corporation; and relating to corporate names of accounting corporations.

*Be it enacted by the Legislature of West Virginia:*

That article nine, chapter thirty of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by add-

ing thereto a new section, designated section four-b, to read as follows:

**ARTICLE 9. ACCOUNTANTS.**

**§30-9-4b. Accounting corporations.**

1 One or more individuals, each of whom is licensed to  
2 practice public accountancy within this state, may orga-  
3 nize and become a shareholder or shareholders of an ac-  
4 counting corporation. Individuals who may be practicing  
5 public accounting as an organization created otherwise than  
6 pursuant to the provisions of this section may incorpor-  
7 ate under and pursuant to this section. This section is not  
8 intended to amend the statutory or common law as it re-  
9 lates to associations or partnerships, except to allow part-  
10 nerships of licensed public accountants or certified pub-  
11 lic accountants to organize as an accounting corpora-  
12 tion.

13 An accounting corporation may render professional service  
14 only through officers, employees and agents who are themselves  
15 duly licensed to practice public accounting within this state.  
16 The term "employee" or "agent" as used in this section, does  
17 not include secretaries, clerks, typists or other individuals who  
18 are not usually and ordinarily considered by custom and  
19 practice to be rendering accounting services for which a license  
20 is required.

21 This section does not modify the law as it relates to the  
22 relationship between a person furnishing accounting services  
23 and his client, nor does it modify the law as it relates to  
24 liability arising out of such a professional service relationship.  
25 Except for permitting an accounting corporation, this section  
26 is not intended to modify any legal requirement or court rule  
27 relating to ethical standards of conduct required of persons  
28 providing public accounting services.

29 An accounting corporation may issue its capital stock only  
30 to persons who are duly licensed public accountants or certi-  
31 fied public accountants.

32 When not inconsistent with this section, the organization  
33 and procedures of accounting corporations shall conform to the  
34 requirements of article one, chapter thirty-one of this code.

35 The West Virginia board of accountancy may require that  
36 public accountants and certified public accountants under its  
37 licensing authority must obtain its prior authorization before  
38 beginning to act as an accounting corporation and may require  
39 a fee of not more than twenty-five dollars for each application  
40 for authorization to form an accounting corporation. The West  
41 Virginia board of accountancy may adopt rules and regulations:  
42 (1) To set reasonable standards for granting or refusing prior  
43 approval, (2) to require appropriate information therefor from  
44 an accounting corporation applicant, and (3) to notify the sec-  
45 retary of state that certain persons have been given authoriza-  
46 tion by the West Virginia board of accountancy to form an  
47 accounting corporation.

48 Upon notification by the West Virginia board of accountancy  
49 of its approval the secretary of state, upon compliance by the  
50 incorporators with this section and the applicable provisions of  
51 chapter thirty-one of this code, may issue to the incorporators  
52 a certificate of incorporation for the accounting corporation  
53 which then may engage in practice through duly licensed or  
54 otherwise legally authorized stockholders, employees and  
55 agents.

56 A shareholder of an accounting corporation may sell or  
57 transfer his shares of stock in such corporation only to another  
58 individual who is duly licensed to practice public accountancy  
59 in this state or back to the corporation.

60 The corporate name of an accounting corporation shall  
61 contain the last name or names of one or more of its share-  
62 holders: *Provided*, That if the rules or regulations of the West  
63 Virginia board of accountancy so permit the corporate name  
64 may contain or include the name or names of former share-  
65 holders or of persons who were associated with a predecessor  
66 partnership or other organization. The corporate name shall  
67 also contain the words "accounting corporation" or the abbrevi-  
68 ation "A.C." The use of the word "company," "corporation,"  
69 or "incorporated," or any other words or abbreviations in the  
70 name of a corporation organized under this article which indi-  
71 cates that such corporation is a corporation, other than the  
72 words "accounting corporation" or the abbreviation "A.C." is  
73 specifically prohibited.

Enr. Com. Sub. for H. B. 1386] 4 19 MAR 27 P11: 42

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*James L. Davis*  
Chairman Senate Committee

**Chairman Senate Committee**

*Lawrence C. Christensen*  
Chairman House Committee

*Chairman House Committee*

Originated in the House.

Takes effect ninety days from passage.

*J. Willoughby*  
Clerk of the Senate

*Clerk of the Senate*

*C. Blankenship*  
Clerk of the House of Delegates

~~Clerk of the House of Delegates~~


Clerk of the House of Delegates  
*[Signature]*  
 President of the Senate

*President of the Senate*

*President of the Senate*  
Clyde M. Lee, Jr.  
*Speaker House of Delegates*

Speaker House of Delegates

The within is approved this the 27  
day of March, 1979.

  
Governor

**Governor**



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