WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1979

ENROLLED
Committee Substitute for
HOUSE BILL No. 1386

(By Mr. Horton)

Passed March 7, 1979
In Effect Ninety Days From Passage
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.

One or more individuals, each of whom is licensed to practice public accountancy within this state, may organize and become a shareholder or shareholders of an accounting corporation. Individuals who may be practicing public accounting as an organization created otherwise than pursuant to the provisions of this section may incorporate under and pursuant to this section. This section is not intended to amend the statutory or common law as it relates to associations or partnerships, except to allow partnerships of licensed public accountants or certified public accountants to organize as an accounting corporation.

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

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

An accounting corporation may issue its capital stock only to persons who are duly licensed public accountants or certified public accountants.

When not inconsistent with this section, the organization and procedures of accounting corporations shall conform to the requirements of article one, chapter thirty-one of this code.
The West Virginia board of accountancy may require that public accountants and certified public accountants under its licensing authority must obtain its prior authorization before beginning to act as an accounting corporation and may require a fee of not more than twenty-five dollars for each application for authorization to form an accounting corporation. The West Virginia board of accountancy may adopt rules and regulations:

1. To set reasonable standards for granting or refusing prior approval, 
2. To require appropriate information therefor from an accounting corporation applicant, and 
3. To notify the secretary of state that certain persons have been given authorization by the West Virginia board of accountancy to form an accounting corporation.

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

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

The corporate name of an accounting corporation shall contain the last name or names of one or more of its shareholders: Provided, That if the rules or regulations of the West Virginia board of accountancy so permit the corporate name may contain or include the name or names of former shareholders or of persons who were associated with a predecessor partnership or other organization. The corporate name shall also contain the words “accounting corporation” or the abbreviation “A.C.” The use of the word “company,” “corporation,” or “incorporated,” or any other words or abbreviations in the name of a corporation organized under this article which indicates that such corporation is a corporation, other than the words “accounting corporation” or the abbreviation “A.C.” is specifically prohibited.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Davis  
Chairman Senate Committee

Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

J. Willong  
Clerk of the Senate

C. L. Blankenship  
Clerk of the House of Delegates

D. S. Barlow, Jr.  
President of the Senate

Clyde M. Lee, Jr.  
Speaker House of Delegates

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

John P. Rhugill  
Governor