



RULES OF PROFESSIONAL CONDUCT

ADOPTED BY
THE NEW JERSEY STATE BOARD
OF PUBLIC ACCOUNTANTS,

RULES and REGULATIONS

Governing the Organization of the Board
and the
Examinations for The Certified Public
Accountant Certificate
The Registered Municipal Accountant
License and The Public School
Accountant License

January 1, 1960

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L1/A1 ABRAHAM H. PUDER, C. P. A.
President

1960 JOSEPH THIEBERG, C. P. A.
Vice-President

JOSEPH J. SEAMAN, C. P. A.
Secretary

OFFICE OF THE SECRETARY

430 MARKET STREET
PERTH AMBOY, N. J.
HILLCREST 2-2626

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RULES OF PROFESSIONAL CONDUCT

THE NEW JERSEY STATE BOARD OF PUBLIC ACCOUNTANTS

The New Jersey State Board of Public Accountants exercises its influence in every possible way to maintain a high standard of ethics in accountancy practice in order that the interests of the public, the client, and the certified public accountant may be safeguarded. Toward this end the following rules of professional conduct must be observed by every person practicing accountancy in the State of New Jersey under the provisions of the Revised Statutes, Section 45:2-3 and 2-8.

(1) A practitioner voluntarily assumes the obligation and responsibility of a high standard of skill in the performance of his professional service and he will act with dignity, fairness, and justice in his relations with clients and the public.

(2) A practitioner shall not render an opinion of financial statements, or verify any other form of accountancy work, unless such statement or work has been examined by him, a member of his firm, one of his staff, or a certified public accountant of a state or territory of the United States, the District of Columbia, or a qualified accountant of similar standing in a foreign country.

(3) All information concerning the affairs of his client or of any client of his employer which the practitioner has acquired, shall be considered confidential and, subject to law, he shall neither directly, nor indirectly, furnish a third party with any information with respect thereto, without the consent of his client.

(4) No practitioner shall permit the use of his name in connection with any statement which he knows, or acting in his professional capacity he should know, contains a material misstatement of fact, or omits a material fact, the omission of which would make the statement misleading.

(5) No practitioner shall engage in any business or occupation which may bring his professional standing as a certified public accountant into disrepute or be incompatible or inconsistent with his professional practice. He shall not be an Officer, Director, Stockholder, Representative, or Agent, of any corporation engaged in the practice of public accountancy.

(6) A practitioner shall not represent two or more conflicting interests, except by express consent of all concerned, given after a full disclosure of the facts as to the engagement.

(7) No practitioner shall directly, or indirectly, allow or agree to allow a commission, brokerage, or other participation by the laity in the fees or profits of his professional work; nor shall he accept directly or indirectly from the laity any commission, brokerage, or other participation for professional or commercial business turned over to others as an incident to his service to clients, except it be for the benefit of such clients and be credited or paid over to them.

(8) A practitioner shall not allow any person to practice in his name who is not in partnership with him or in his employ.

(9) No practitioner shall advertise his or her professional attainments or service through the mails, in the public prints, directories, by circular letters or by other written word. A dignified announcement of change of address or personnel of firm shall not be construed as advertising.

(10) A practitioner shall not directly, or indirectly, solicit clients by circulars or advertisements, nor by personal communication or interview, not warranted by existing personal relations; and he shall not solicit clients of another practitioner or encroach upon the practice of another practitioner. He may give service and advice to those asking for such service or advice but he may not perform any service for a former client of another practitioner without prior notice to such predecessor practitioner.

(11) No practitioner shall negotiate directly, or indirectly, for the services of an employee of another practitioner without first informing the employer of such intention, unless the employee makes application on his own initiative or in response to a public advertisement.

(12) Competitive bidding is deemed to be detrimental to the interests of the public and the accounting profession. No practitioner shall knowingly, directly, or indirectly, enter into bidding for any type of professional service in competition with other practitioners on any basis whatsoever. A competitive bid for professional engagements is defined as; An offer made to a person or organization not a regular client to perform a specified service for a specified sum, with the knowledge that a similar offer or offers are being solicited of another practitioner or practitioners. The fact that a practitioner is solicited to make an offer to perform a service for a stipulated fee by a person or organization which is not already a client of the practitioner so solicited is indicative that similar offers are being solicited. It shall be incumbent upon the practitioner to reasonably assure himself to the contrary by direct question to the solicitor before making an offer to perform such services.

(13) Professional service shall not be rendered or offered for a fee which shall be contingent upon the findings or results of such service. This rule does not apply to cases involving federal, state or other taxes, in which the findings are those of the tax authorities and not those of the practitioner. Fees to be fixed by courts or other public authorities, which are therefore of an indeterminate amount at the time when an engagement is undertaken, are not regarded as contingent fees within the meaning of this rule.

(14) A practitioner shall not permit his name to be associated with financial statements unless he shall: (1) express an unqualified opinion, or (2) express a qualified opinion, or (3) disclaim an opinion on the financial statements as a whole and indicate clearly his reasons therefor, or (4) disclose that such financial statements were prepared without his audit.

(15) A practitioner shall not describe himself as a 'tax consultant' or 'tax expert' or use any similar phrase which could be construed as advertising or publication of a special branch of public accounting.

(16) Neither a practitioner, nor a firm of which he is a partner, shall express an opinion on financial statements of any enterprise unless he and his firm are in fact independent with respect to such enterprise. Independence is not susceptible of precise definition, but is an expression of the professional integrity of the individual. A practitioner, before expressing his opinion on financial statements, has the responsibility of assessing his relationships with an enterprise, its officers, directors and principal owners to determine whether, in the circumstances, he can reach an independent, objective and unbiased opinion. A practitioner will be considered not independent, for example, with respect to any enterprise if he, or one of his partners, (a) during the period of his professional engagement or at the time of expressing his opinion, had, or was committed to acquire, any direct financial interest or material indirect financial interest in the enterprise, or (b) during the period of his professional engagement, at the time of expressing his opinion or during the period covered by the financial statements, was connected with the enterprise as a promoter, underwriter, voting trustee, director, officer, or key employee, or (c) participated directly or indirectly in loans or exchange of funds as principal or agent with the enterprise.

Any practitioner who shall violate any of the foregoing rules of professional conduct shall be subject to such disciplinary action as The New Jersey State Board of Public Accountants may deem proper.

RULES AND REGULATIONS
THE NEW JERSEY STATE BOARD
OF PUBLIC ACCOUNTANTS

(Amended and Adopted up to January 1, 1960)

I—THE BOARD

The Board shall be known as The New Jersey State Board of Public Accountants, under Chapter 230, Laws of 1904 and Revised Statutes 45:2-1, and shall maintain an office in the State of New Jersey for the regular transaction of its business.

II—MEETINGS

The Board shall hold an annual meeting, in each year, on the first Monday in the month of April for the purpose of electing Officers, from among its members, each for the term of one year, or until a successor has been duly elected and qualifies.

Regular monthly meetings will be held on the first Monday of every month at the office of the Secretary. Special meetings will be held at the call of any member of the Board.

Two members of the Board shall constitute a quorum for the regular transaction of business. However, recommendation to the Governor for the issuance of a Certified Public Accountant's Certificate shall only be by unanimous vote, by ballot, of the entire Board. Ballots shall be cast for each applicant who has complied with all requirements of the Board.

III—APPLICATIONS

Applications for original examination, re-examination and for a Certificate by Reciprocity will be furnished by the Board upon request.

Applications must be in the office of the Secretary on or before April 15 for the May examinations, and on or before October 15 for the November examinations. Applications will be returned if received later than the above dates.

Every applicant who becomes eligible to sit for the examinations, or has fulfilled all the requirements for a Certificate, as a result of examination or reciprocity, and is eligible to receive said Certificate, must be a bona fide resident of the State of New Jersey, or shall have an office for the practice of public accounting in the State of New Jersey, or

shall be in the employ of a Certified Public Accountant, or firm of Certified Public Accountants, having an established office and performing services within the State of New Jersey, for at least one year immediately prior to date of eligibility. The applicant must continue to be eligible until the Certificate is issued. A mail or telephone address is not sufficient.

When requested, applicants must appear before the Board, and/or any Character Committee appointed by the Board.

Any applicant being re-examined in any subject must qualify under the Rules in existence at the time of filing the supplemental application.

The Board will consider an application for examination of an applicant who is not a citizen of the United States, but a Certificate will not be issued until the applicant, after complying with all Rules, has obtained his naturalization papers.

The act of filing an application for examination, or for a Certificate by Reciprocity, shall constitute an agreement upon the part of the applicant that he will observe and conform to the requirements expressed in these Rules, or such Rules as may be promulgated hereafter.

Applications must be accompanied by the following data, and all fees must be paid by certified check or money order.

A. Original Examination—

1. Fee of \$35.00, fixed by law. This fee will not be refunded or applied to any future examination unless requested at least thirty days prior to date of examination.
2. Photograph, 2 x 2 in size, bust picture, front view, without a hat, taken within thirty days prior to application.
3. Satisfactory evidence of good moral character, furnished by three persons, in duplicate and legal affidavit form.
4. An Academic Qualifying Certificate from the Division of Academic Credentials, Department of Education, Trenton, New Jersey, certifying that applicant possesses the necessary preliminary academic education.
5. Every applicant for examination for the Certified Public Accountants Certificate who can furnish evidence of having obtained a degree in a College or School of Accountancy and Business Administration registered with, and approved by, The New Jersey State Board of

Public Accountants, shall be entitled to an Academic Qualifying Certificate and granted admission to the examination in Theory of Accounts, Commercial Law and Auditing.

Approval will be based upon a minimum of 120 semester hours.

a. 60 semester hours—Academic Subjects.

b. 60 semester hours—Professional Courses.

1. At least 30 semester hours credit in Accounting. (This may include courses in Municipal and Government Accounting.)
2. At least 8 semester hours credit in Business Law.
3. At least 8 semester hours credit in Finance.
4. At least 6 semester hours credit in Economics.
5. At least 8 semester hours credit in Electives.

Applicants who furnish evidence, in duplicate and legal affidavit form, of having had three years' experience in public accounting in the office of a Certified Public Accountant, or firm, of which one member is a Certified Public Accountant, shall be entitled to admission to the examination in Practical Accounting. The Board will not accept experience obtained in private employment in lieu thereof. This experience must be obtained on a full-time basis in regular employment. Employment less than seven hours per day will not qualify. The Board will consider employment if rendered on the basis of a seven-hour day and each full day will be computed on a five-day week, fifty-two weeks per year.

In lieu of the three years' experience required above, the Board may, in the exercise of its discretion, accept ten years' or more experience obtained by Internal Revenue Agents employed in the Field Division of the Internal Revenue Service. The applicant must have attained the classification of Grade Eleven at the time he becomes eligible to sit for the examinations. Any part of a period of three years' experience obtained in the employ of a Certified Public Accountant, or firm, of which one member is a Certified Public Accountant, may be considered as part of ten years' experience with the Internal Revenue Service.

In lieu of the three years' experience required above, the Board may, in the exercise of its discretion, accept ten years' or more experience obtained by a public accountant who has been regularly engaged exclusively in the practice of public accounting with an established office for said practice. Said experience must be on a full-time basis, supported by documentary evidence of said practice.

The Board may, in the exercise of its discretion, allow from six months to one year toward the above mentioned experience credit for service rendered in the Armed Forces of the United States.

The Board may, in the exercise of its discretion, evaluate any and all accounting and auditing experience obtained by any applicant and give credit up to one year for said experience toward the three years' experience required above. An applicant who is given such credit cannot also obtain credit for service rendered in the Armed Forces.

B. Re-examination—

1. Maximum fee of \$35.00.

If an applicant shall pass the examinations in at least two subjects, he may be re-examined in the remaining subjects upon the filing of a supplemental application. However, an applicant who passes the examination in Practical Accounting shall not be re-examined in that subject.

The maximum fee for any combination of subjects will be \$35.00. However, the following scale will prevail for re-examination in individual subjects:

Practical Accounting	— \$30.00
Theory of Accounts	— \$10.00
Commercial Law	— \$10.00
Auditing	— \$10.00

This fee will not be refunded or applied to any future examination unless requested at least thirty days prior to the date of examination.

C. Reciprocity—

1. Fee of \$50.00.
2. Requirements listed above, known as A-2, A-3 and A-4, also apply to applicants for a Certificate by Reciprocity.

3. Evidence, in duplicate and legal affidavit form, of having had three years' experience in public accounting in the office of a Certified Public Accountant, or firm, of which one member is a Certified Public Accountant. This experience requirement of three years may be fulfilled either prior to or subsequent to the date of passing the examination in the state of original issue.
4. Statement from the issuing authority of the state of original issue setting forth the number and date of Certificate.

A partner of any firm of Certified Public Accountants who makes an application for a Certificate in this state must actually practice in the State of New Jersey, and must furnish evidence of the actual time spent in the practice of public accounting in the State of New Jersey.

Original Certificate must be held for a period of three years before an applicant may become eligible for a New Jersey Certificate by Reciprocity.

A Certificate will not be issued to any applicant unless the requirements of the state of original issue are comparable to those of the State of New Jersey, and the state of original issue will agree to issue Certificates to New Jersey Certificate holders by reciprocity.

IV—MODIFICATIONS OF FOREGOING REQUIREMENTS

A. Every applicant who has been admitted to the examinations, but has failed to pass all subjects prior to January 1, 1951, shall be permitted to enter the examinations on the same basis up to January 1, 1961. Failure to pass all subjects prior to January 1, 1961, will require compliance with the Rules effective January 1, 1951. Any applicant who has had his status affected by service in the Armed Forces will be given an additional extension to cover the term of his military service.

B. A Chartered Accountant may sit for the State of New Jersey examinations, and if he passes same, the Board may accept Chartered Accounting experience as qualifying public accounting experience. However, this experience will only be accepted at the discretion of the Board. A Reciprocity Certificate will not be issued to a Chartered Accountant.

V—EXAMINATIONS

A. Examinations will be held on three consecutive days, in May and November of each year, in the City of Newark, New Jersey.

B. After the application has been approved, an admission card will be mailed to the applicant which must be used for admittance to the examination room. This card must be kept in the possession of the applicant during the examinations and handed to a Proctor at the conclusion of the applicant's examinations.

C. Examinations shall be in writing, but this shall not be construed to bar additional examinations of such other nature as the Board may deem necessary.

D. Examination papers are the property of the Board and must be left with the Proctors.

E. Examination papers shall remain in the office of the Secretary for a period of six months after each examination, and during said six months, any applicant may review his examination papers.

F. Applicants for examination shall be given a number for identification purposes and only this number shall be used on all papers.

G. All subjects must be completed in the time allotted by the Board.

H. Examinations will include questions on the following subjects:

1. Theory of Accounts.
2. Practical Accounting.
3. Commercial Law.
4. Auditing.

I. Markings of examination papers will be as follows:

1. Maximum—100 points each subject.
2. Correct Answer—75 points.
3. Appearance and Expression—25 points.

To pass examination, applicant must receive 75 points in each subject

J. The New Jersey State Board of Public Accountants will grant credit for two or more subjects which have been passed in another state which gives the American Institute of Certified Public Accountants Examination and which has qualifications comparable to those of the State of New Jersey.

VI—SUCCESSFUL APPLICANTS

A. Applicants who have complied with all the foregoing Rules and passed the examination must present themselves to the Character Committee upon request. This committee will pass on the applicant's moral character and fitness and determine whether

or not the applicant has a thorough knowledge of the Rules of Professional Conduct promulgated by The New Jersey State Board of Public Accountants.

B. Every applicant must subscribe to a loyalty oath which sets forth a promise to support the Constitution of the United States, the Constitution of the State of New Jersey, and abide by the Rules of Professional Conduct as promulgated by The New Jersey State Board of Public Accountants.

C. Every applicant is required to pay to the New Jersey State Board of Public Accountants a statutory fee of \$3.00, which must be paid at the time the applicant subscribes to the loyalty oath. This fee is forwarded to the Secretary of State at the time of issuance of the Certified Public Accountant's Certificate.

RULES AND REGULATIONS GOVERNING
EXAMINATIONS AND THE ISSUANCE
OF LICENSES TO
REGISTERED MUNICIPAL ACCOUNTANTS
AND
PUBLIC SCHOOL ACCOUNTANTS

(Amended and Adopted up to January 1, 1958)

The New Jersey State Board of Public Accountants is empowered to conduct examinations for and issue Licenses to Registered Municipal Accountants and the Public School Accountants under authority given by the Legislature of the State of New Jersey.

I—APPLICATIONS

Applications will be furnished by the Board upon request.

Applications must be in the office of the Secretary on or before April 15 for the May examinations, and on or before October 15 for the November examinations. Applications will be returned if received later than the above dates.

For at least one year immediately prior to date of application, every applicant must be a bona fide resident of the State of New Jersey, or shall have an office for the practice of public accounting in the State of New Jersey, or shall be in the employ of a Registered Municipal Accountant, Public School Accountant, Certified Public Accountant, or firm of Certified Public Accountants, having an established office and performing services within the State of New Jersey. The applicant must continue to be eligible until the License is issued. A mail or telephone address is not sufficient.

When requested, applicant must appear before the Board, and/or any Character Committee appointed by the Board, in support of his application.

The Board will consider an application of a person who is not a citizen of the United States, but a License will not be issued until the applicant, after complying with all the Rules, has obtained his naturalization papers.

Any applicant who is being re-examined must qualify under the Rules in existence at the time of filing supplemental application.

The act of filing an application shall constitute an agreement upon the part of the applicant that he will observe and conform to the requirements expressed in these Rules, or such Rules as may be promulgated hereafter.

Applications must be accompanied by the following data, and all fees must be paid by certified check or money order.

1. Fee of \$10.00, fixed by law. This fee is also required for applications for re-examination.
2. Photograph, 2 x 2 in size, bust picture, front view, without a hat, taken within thirty days prior to application.
3. Satisfactory evidence of good moral character, furnished by three persons, in duplicate and legal affidavit form.
4. An Academic Qualifying Certificate from the Division of Academic Credentials, Department of Education, Trenton, New Jersey, certifying that applicant possesses the necessary preliminary academic education.
5. Evidence, in duplicate and legal affidavit form, of having had two years' experience in public accounting and auditing with a responsible public accounting firm doing municipal and public school accounting and auditing acceptable to the Board.
6. In lieu of the requirements in Paragraph 5 above, the Board may in its discretion consider the experience of a Certified Public Accountant who has had two or more years' experience doing municipal and public school accounting or auditing comparable to that required under Paragraph 5 above.
7. In lieu of the requirements in Paragraph 5 above, the Board may in its discretion, consider the experience of an applicant who has had fifteen years' experience doing municipal accounting in a county or municipality, in a supervisory capacity. Said experience must be comparable to that required under Paragraph 5 above.

II—EXAMINATIONS

A. Examinations will be held in May and/or November of each year, in the City of Newark, New Jersey.

B. After the application has been approved, an admission card will be mailed to the applicant which must be used for admittance to the examination room. This card must be kept in the possession of the applicant during the examinations and handed to a Proctor at the conclusion of the applicant's examination.

C. Examinations shall be in writing, but this shall not be construed to bar additional examinations of such other nature as the Board may deem necessary.

D. Examination papers are the property of the Board and must be left with the Proctors.

E. Examination papers shall remain in the office of the Secretary for a period of six months after each examination, and during said six months, any applicant may review his examination papers.

F. Applicants for examination shall be given a number for identification purposes and only this number shall be used on all papers.

G. Examinations will include questions on the following:

1. Theory of Municipal and Public School Accounts and Problems in Municipal and Public School Accounting.
2. Municipal and Public School Law and Finance.
3. Auditing.

H. Markings of examination papers will be as follows:

1. Maximum—100 points.
2. Correct Answer—75 points.
3. Appearance and Expression—25 points.

To pass examination, applicant must receive 75 points in each subject.

III—LICENSES

A. At the time the applicant subscribes to the loyalty oath, a fee of \$5.00 shall be paid, by check or money order, to the New Jersey State Board of Public Accountants.

B. A license of a Registered Municipal Accountant or Public School Accountant, in good standing, will be renewed annually upon the payment of a fee of \$5.00.

C. The failure to renew a Registered Municipal Accountant's or Public School Accountant's License for a period of two years from the last expiration date will require applicant to sit for a new examination.

D. The Board may, by unanimous vote, revoke any license, for sufficient cause shown at a hearing before said Board, due notice of which shall be given to the holder of said license.

E. When a Registered Municipal Accountant's or Public School Accountant's License has been revoked, a new license can only be issued, at the discretion of the Board, after filing a new application and passing another examination.

F. Applicants who have complied with all the foregoing Rules and passed the examination must present themselves to the Character Committee upon request. This committee will pass on the applicant's moral character and fitness and determine whether or not the applicant has a thorough knowledge of the Rules of Professional Conduct promulgated by the New Jersey State Board of Public Accountants.

G. Every applicant must subscribe to a loyalty oath which sets forth a promise to support the Constitution of the United States, the Constitution of the State of New Jersey, and abide by the Rules of Professional Conduct as promulgated by The New Jersey State Board of Public Accountants.

EXTRACTS FROM AN ACT OF THE LEGISLATURE
OF THE STATE OF NEW JERSEY

Chapter 230, Page 400, Laws of 1904.

Approved April 5, 1904

Creating

THE NEW JERSEY STATE BOARD
OF PUBLIC ACCOUNTANTS

AN ACT to regulate the practice of the profession
of public accountants:

Be it enacted BY THE SENATE AND GENERAL AS-
SEMBLY OF THE STATE OF NEW JERSEY:

5. The Board may adopt all necessary rules, regu-
lations and by-laws to govern its proceedings, not
inconsistent with the laws of this State or of the
United States; the Board may adopt a seal, and
the secretary shall have the care and custody
thereof, and shall keep a record of all proceedings
of the Board, which shall be open to public
examination.

* * * *

7. The Board may adopt rules and regulations
for the examination and registration of applicants
desiring to practice the profession of public ac-
counting, in accordance with the provisions of this
act, and may amend, modify and repeal such regula-
tions from time to time.

8. The Board shall immediately, upon the election
of each officer thereof, and upon the adoption, re-
peal or modification of the rules and regulations for
the registration of applicants, file with the Secretary
of State and publish in at least one daily newspaper
in the State the name and postoffice address of each
officer and a copy of such rules and regulations or
the amendment, repeal or modification thereof.

9. Provisions shall be made by the State Board
of Public Accountants for holding examinations at
least twice a year of applicants, for registration to
practice the profession of public accounting if there
shall be any such applicants, and the Governor,
upon the recommendation of the State Board of
Public Accountants, shall have the power to issue to
any citizen of the United States, residing in or
having a place for the regular transaction of busi-
ness in the State of New Jersey who shall be over
the age of twenty-one years and of good moral
character, a certificate authorizing him to practice

as a public expert accountant, and such person shall be styled and known as a "certified public accountant."

12. Before any such certificate shall be issued to any applicant therefore, he shall pay to the treasurer of the State Board of Public Accountants the sum of \$25.

* * * *

13. The Governor may, upon recommendation of the Board, revoke any Certificate theretofore issued by him; provided that said recommendation be made after a hearing thereon before said Board, due notice of which shall be given to the holder thereof, and for sufficient cause shown at said hearing.

14. If any person shall advertise or put out any sign, card or drawing designating himself as a certified public accountant, or shall assume the title of certified public accountant, or use the abbreviation "C.P.A." or any words, letters and figures to indicate that the person using the same is such certified public accountant, without a certificate thereof, in accordance with the provisions of this act, he shall be guilty of a misdemeanor and, upon conviction, shall be fined not less than \$50 and not more than \$500 for each offense, or shall be imprisoned in the county jail for a period of not less than one month.