

1105.6300 MISLEADING CPA FIRM NAMES.

A. A CPA firm name must not be used unless the name has been registered with and approved by the board.

B. A CPA firm name is misleading within the meaning of Minnesota Statutes, section 326A.10, paragraph (h), if, among other things, the CPA firm name:

(1) contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who the owners or members of the firm are, such as a reference to a type of organization or abbreviation thereof which does not accurately reflect the form under which the firm is organized. This includes, but is not limited to, a name that:

(a) implies the existence of a corporation when the firm is not a corporation such as through the use of the words "corporation," "incorporated," "LTD," "professional corporation," or an abbreviation thereof as part of the firm name if the firm is not incorporated or is not a professional corporation;

(b) implies the existence of a partnership when there is not a partnership such as by use of the term "partnership" or "limited liability partnership," or the abbreviation "LLP" if the firm is not such an entity;

(c) includes the name of an individual who is not a CPA if the title "CPAs" is included in the firm name;

(d) includes information about or indicates an association with persons who are not members of the firm;

(e) includes the terms "and company," "company," "and associate," "associates," "group," or abbreviators thereof, or similar names implying more than one employed licensee in the firm, but the firm does not include, in addition to the named licensee, at least one other unnamed licensee involved full time in the practice;

(f) includes the name of a person who is neither a present nor past partner, member, or shareholder of the firm;

(2) contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, through the use of a false or unjustified statement of fact as to any material matters;

(3) claims or implies the ability to influence a regulatory body or official; or

(4) includes the name of an owner whose license has been revoked for disciplinary reasons by the board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding the licensee out as a certified public accountant.

C. The following types of CPA firm names are not misleading and are permissible so long as they do not violate Minnesota Statutes, section 326A.05:

- (1) a firm name that includes the names of one or more former or present owners;
- (2) a firm name that excludes the names of one or more former or present owners;
- (3) a firm name that uses the CPA title as part of the firm name when all named individuals are owners of the firm and who hold such title or are former owners who held such title at the time they ceased to be owners of the firm; or
- (4) a firm name that includes the name of a non-CPA owner if the CPA title is not part of the firm name.

D. A network firm, as defined in the AICPA Code of Professional Conduct in effect July 1, 2011, may use a common brand name, or share common initials, as part of the firm name.

E. A network firm, as defined in the AICPA Code of Professional Conduct in effect July 1, 2011, may use the network name as the firm's name provided it also shares one or more of the following characteristics with other firms in the network:

- (1) common control, as defined by generally accepted accounting principles in the United States among the firms through ownership, management, or other means;
- (2) profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals and training courses, and other costs that are immaterial to the firm;
- (3) a common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to the strategy;
- (4) a significant portion of professional resources; or
- (5) common quality control policies and procedures that participating firms are required to implement and that are monitored by the association.

F. The firm name shall not include the name of a person who was a past partner, member, or shareholder of the firm if the person withdraws consent to the use or if the person becomes a partner, member, shareholder, or owner of a firm established under Minnesota Statutes, section 326A.05.

Statutory Authority: *MS s 326.18; 326A.02*

History: *27 SR 1425; 30 SR 422; 33 SR 476; 38 SR 1367; 42 SR 736*

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