

PROFESSIONAL ETHICS COMMITTEE PROCEDURES MANUAL

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
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I. INTRODUCTION

One of the cornerstones of the profession of public accountancy is the high ethical standards of its members. While high standards are essential in achieving public trust and confidence, this trust can only be maintained if the public is confident that the profession can regulate itself and discipline those members who violate or ignore these standards.

As the first state society established in the United States, the New York State Society of Certified Public Accountants continues to play a leading role in the development and promotion of high ethical standards within the profession. The Society, through its Professional Ethics Committee, educates and provides guidance to its members on ethical behavior and standards.

This manual provides a brief procedural guide on how the Professional Ethics Committee and the AICPA Professional Ethics Division respond to ethics complaints involving Society members. The policies and procedures contained herein are subject to revision and interpretation by the NYSSCPA Professional Ethics Committee. The Joint Ethics Enforcement Program (“JEEP”) Manual of Procedures also describes the policies and procedures and is subject to revision and interpretation by the AICPA Professional Ethics Executive Committee. This document should be read in conjunction with the AICPA JEEP Manual of Procedures.

II. PROFESSIONAL ETHICS COMMITTEE

The Committee

The Professional Ethics Committee (hereinafter, the “Committee”) is a standing committee within the Operations Division of the Society created under Article XI of the Bylaws of the NYSSCPA. Its authority and jurisdiction is defined in Article XII (Professional Conduct and Disciplinary Proceedings), of the Bylaws. The Bylaws prescribes certain duties, powers, responsibilities, and procedures of the Committee. All matters relating to ethics processes are confidential, except as provided in Bylaw Article XII paragraphs 15 and 19.

Committee Objectives

The Committee educates and provides guidance to Society members on ethical behavior and standards, and ensures members’ adherence thereto by disciplining those who violate the Code of Professional Conduct (“the Code”). All complaints or other information received by the Society, regarding possible violations of the Code are referred to the AICPA Professional Ethics Division for investigation under the procedures set forth in its JEEP Manual of Procedures. Upon completion of its investigation, the AICPA will submit its findings to the Committee for concurrence.

Billing Disputes

As a general rule, the AICPA does not investigate complaints involving billing disputes (i.e., the fees or billing rates charged by a member or firm to a client for the rendering of professional services). However, if it is determined that a billing dispute involves separate allegations of professional misconduct (violation of the Code or Bylaws) the AICPA may investigate the alleged misconduct without addressing the billing dispute.

Committee Structure

The Committee is composed of volunteer members who come primarily from public accounting, industry and academia. The members have expertise in several areas of practice, including: generally accepted accounting principles, generally accepted auditing standards, government audits, public school audits, not-for-profit audits, SSARS reports, SEC practice, corporate and individual taxation, personal financial planning, academia, litigation and other consulting services. There is no limit on the number of members appointed to serve on the Committee.

Committee members cannot serve at the same time with the New York State Board for Public Accountancy, the New York State Education Department's Office of Professional Discipline, the AICPA's Professional Ethics Executive Committee, joint trial board, the Society's Peer Review Committee, or the AICPA's Peer Review Board.

The Committee has one Chair, and usually one vice chair or assistant chair as appointed by the NYSSCPA president. The Chair generally carries a two-year term.

Working Groups

Each member of the Committee may also be a member of one of the Working Groups that addresses specific responsibilities of the Committee. For example, past Working Groups have been responsible for: 1) Reviewing and drafting responses to ethics rules and interpretations proposed by the AICPA and other regulatory agencies; 2) Updating the Professional Ethics Committee Procedures Manual; 3) Updating and maintaining the Committee portion of the Society's website; 4) Providing for member education on ethics; and 5) Reviewing and suggesting other undertakings to further the mission of the Committee, including recommendations to amend the Code.

Frequency and Conduct of Meetings

The Committee meets bi-monthly, and conducts conference calls on months where no meetings are scheduled. The executive session portion of the meetings, which are closed to the public due to confidentiality requirements, is devoted to

discussions of active case investigations and other enforcement matters. Each meeting has an open session where matters of interest to the Committee are discussed, including but not limited to reports from each Working Group Leader.

III. JOINT ETHICS ENFORCEMENT PROGRAM

The AICPA and certain state societies, including the NYSSCPA, have adopted the AICPA Code. In order to eliminate duplicate investigations of potential disciplinary matters by both the AICPA Professional Ethics Division and the ethics committees of one or more participating state societies, the AICPA established the Joint Ethics Enforcement Program (JEEP). The Society entered into a JEEP agreement with the AICPA at its inception and became an Option 2 state (participation through concurrence only) in 2012.

As an Option 2 state under JEEP, the AICPA will investigate a potential disciplinary matter involving Society members.

The JEEP manual is available for review at
<http://www.aicpa.org/InterestAreas/ProfessionalEthics/Resources/EthicsEnforcement/Pages/jointenforceprocedures.aspx>.

IV. AUTOMATIC DISCIPLINE AND REINSTATEMENT

- A. Membership in the Society shall be suspended automatically without a hearing upon the conviction of any member in any court of the United States or any political subdivision of the United States for:
1. A crime punishable by imprisonment for more than one year under the law of the convicting jurisdiction ;
 2. The willful failure to file any income tax return which the member, as an individual taxpayer, is required by law to file;
 3. The filing of a false or fraudulent income tax return on the member's or on a client's behalf; or
 4. The willful aiding in the preparation or presentation of a false and fraudulent income tax return of a client.
- B. The suspension automatically shall become an expulsion from membership if the conviction becomes final. The suspension shall automatically be vacated if a reversal of the conviction becomes final.
- C. If any member's CPA license is suspended or revoked, or otherwise impaired by the political authority issuing said license, the suspension or revocation shall automatically effect, respectively, the suspension (for the same length of time) or the expulsion of such member from the Society.
- D. Reinstatement
1. A former member who was automatically expelled from membership, or who resigned or was expelled through a settlement agreement may be restored to membership pursuant to Article XII.18 of the Society's Bylaws. Such reinstatement is subject to approval by the Committee and the Society's Board of Directors.
 2. An applicant for reinstatement shall meet the following requirements:

- (i) A letter setting forth the applicant's reasons for requesting reinstatement must be sent by the former member to the Committee no sooner than two years after the effective date of the termination of membership.
- (ii) The applicant shall appear for a personal interview before a panel of three members of the Committee, comprising the Chair, an assistant chair or vice chair, and one other member designated by the Chair. The Chair shall preside at the interview. Staff of the Committee may also be present during the interview. If extenuating circumstances prevent the applicant from appearing before the panel, such circumstances must be enumerated and submitted in writing to the Committee.
- (iii) The applicant must support his or her request for reinstatement with evidence of rehabilitation since the date of termination of membership, either at the time of the interview or in writing prior to the date of the interview. Letters of recommendation may also be submitted by the applicant.
- (iv) Within 30 days of the interview, the panel shall submit an interview report to the Committee. The panel may make a recommendation that reinstatement be approved, disapproved, or approved upon the condition that the member submits proof to the Committee of his or her completion of assigned continuing professional education courses within one year after the effective date of restoration to membership.
- (v) The panel's interview report shall be considered by the Committee in reaching a decision on whether to approve, approve with conditions, or disapprove an applicant for reinstatement.
- (vi) In all deliberations by the panel and the Committee, the guidelines in paragraph 3 hereof shall be considered.

- (vii) A request for reinstatement shall be approved, approved with conditions or disapproved, upon a majority vote of the Committee in executive session.
- (viii) The Committee shall send its determination of approval or approval with conditions, together with a summary of its deliberations, to the Board of Directors for its consideration.
- (ix) A determination of disapproval by the Committee shall be final and shall be sent by letter, by the Chair of the Committee to the applicant stating the effective date of such disapproval and shall inform the applicant of the right to reapply for reinstatement at any time after one year from the effective date of the Committee's disapproval. A copy of the Chair's letter of disapproval shall also be sent to the Board of Directors.

3. The following guidelines shall be considered by the panel and the Committee when deliberating a request for reinstatement:

(i) Fundamental Questions

If the applicant were reinstated:

- i. Would the public interest be better served?
- ii. Would the profession be professionally strengthened?
- iii. Would the Society be in a better position to prevent further acts discreditable to the profession?
- iv. Would the applicant be a diligent professional?
- v. Would the reputation and public image of the profession be damaged?

(ii) Evidentiary Questions

- i. Review of the nature of the offense, if any, and any mitigating circumstances.
- ii. Time lapse since the offense or resignation.
- iii. Employment and professional development activities since the offense or resignation.
- iv. Status of membership in other professional organizations, and other professional licenses.
- v. Indications of professional rehabilitation.
- vi. Understanding of the applicant with respect to the seriousness of acts discreditable to the profession.
- vii. Applicant's attitude, whether conciliatory or hostile.
- viii. Likelihood of repetitive violations.
- ix. Quality of letters of reference submitted.

V. COMPLAINTS

A. Sources of Information

A potential disciplinary matter may come to the attention of the Committee as a result of:

- (1) a complaint - written communication that states, alleges, implies or suggests that a member or a firm with members has or may have violated one or more provisions of the Code or Bylaws; or
- (2) other information - any information other than a complaint sent to or obtained by the Committee that alleges, implies or suggests that a member or a firm with members may have violated one or more provisions of the Code or Bylaws.

B. Receipt of Complaint or Other Information

1. Preliminary review. a. Upon receipt of the complaint or other information, staff and the Chair perform a preliminary review of the complaint to determine if the matter should be referred to the AICPA Professional Ethics Division for further handling. If referred to AICPA, they will also undertake a review of the matter prior to opening an investigation.
2. Acknowledge complaint. a. Each complaint is acknowledged by staff in writing. The acknowledgement letter should:
 - (i) acknowledge receipt of the complaint;
 - (ii) state that an initial review and, if necessary, an investigation will be conducted by the AICPA in accordance with the procedures of the JEEP and the Society; and
 - (iv) state that the procedures of the Society require that any investigation be conducted by the AICPA in a confidential manner and the results of the investigation and the name of the member will not be published except as

set forth in the Section titled “Confidentiality”;

- (v) state that NYSSCPA Bylaw Article XII.15(b) requires that complainants in a case shall be informed that an investigation has been conducted and concluded ;
- (vi) state that NYSSCPA Bylaw Article XII.19 requires disclosure of investigations and disciplinary actions to state and federal regulatory authorities at specific points in the investigation process including information provided by the complainant and the complainant’s identity. Investigation statements, documents and other related materials, or copies thereof, will be turned over to regulatory authorities at their request.

b. Staff shall assign a case number to all open cases. This case number must appear on all correspondence related to the case. Case numbers are in three parts. The first part indicates the violation category, the second part indicates the sequential order in which the investigation was opened, and the third part indicates the calendar year; i.e. T-1-03 or B-1-03.

c. If the staff determines that none of the persons involved in the complaint are members, the complaint is outside the jurisdiction of the Committee. In such event, the acknowledgment shall include a statement that the Committee does not have jurisdiction over the complaint and, to the extent possible, refer the complainant to the appropriate regulatory body.

d. If the complaint fails to provide sufficient information to make a determination on whether an investigation is warranted, the acknowledgment may contain a request for additional information.

3. Firm Letter of Inquiry

a. The AICPA may make findings only with respect to individuals, not firms. When a complaint or other information identifies a firm, but not individuals, and AICPA Professional Ethics Division Staff (“Division Staff”) is unable to obtain names or

other information from the complainant, Division Staff shall send a letter of inquiry to the firm seeking the names of those individual members whose responsibilities or duties indicate that they were responsible for the subject matter of the investigation.

VI. INVESTIGATIONS

Investigations are conducted by AICPA pursuant to JEEP procedures.

A. Finding

1. At the conclusion of the investigation, when feasible, an AICPA Technical Manager will present a case summary, along with supporting documents, to the Committee for concurrence.

2.
 - a. The Committee is responsible for evaluating the evidence presented and reviewing the conclusions regarding the Code or Bylaw violations and sanctions proposed by Division Staff. Each finding must be made pursuant to a majority vote in an executive session of a duly convened meeting of the Committee at which a quorum is present.
 - b. The Committee may or may not concur on the findings presented by Division Staff.

The findings may include:

- (i) prima facie evidence of a violation of the Code or Bylaw; or
- (ii) that the respondent has failed to cooperate with Division Staff in the investigation.

B. A Finding of No Violation or No Further Action

- a. Concurrence will not be sought by the Division Staff on decisions that result in no violation or no further action. A copy of the no violation or no further action letter will be sent to ethics staff and reported to the Committee chair.

- b. A closing letter, in the form of a no violation letter or a no further action letter, issued by Division Staff states:
 - (i) the subject matter of the investigation;
 - (ii) for a no violation letter, that no prima facie evidence that the respondent violated the Code or Bylaws was found; and for a no further action letter, that the investigation has been closed. Either letter will state that the investigation is closed with respect to the respondent, but the procedures under which investigations are conducted require that it be reopened if new information becomes available that warrants such action.
- c. Division Staff shall inform complainants in a case that the investigation has been conducted and concluded.

C. Committee Action Upon Finding Prima Facie Evidence of a Violation by the Division Staff

- 1. Committee Actions. a. If the Committee concurs on the finding of prima facie evidence of violation(s) of the Code or Bylaws, it must also consider the gravity of the violation and decide and record in its minutes, whether to concur on the subsequent actions:
 - (i) arrange to present a case before the joint trial board charging the respondent with violating the applicable Code;
 - (ii) issue a letter of required corrective action or a modified letter of required corrective action with directives; or
 - (iii) offer the opportunity of a settlement of the charges. (See Settlement of Ethics Charges, paragraph four of this subsection.)
- b. The Committee shall first vote on separate motions for each violation, based upon prima facie evidence of the Code or Bylaws. Its minutes shall precisely

define each violation, and record the rule of the Code or Bylaws that the respondent has violated and any interpretations, rulings, and/or provisions of enforceable professional literature on which the finding is based. In addition, the Committee should formulate and record in its minutes, a statement of the respondent's conduct that constituted the violation.

- c. The Committee must review the Division Staff's recommended course of action when prima facie evidence of a violation of the Code or Bylaws is found. The Committee shall vote on the sanction to be applied as recommended by the Division Staff.
 - d. When a violation is found, the Division Staff notifies the member in writing and the member is informed of his or her right to reject the letter of required corrective action, modified letter of required corrective action, or non-negotiable settlement agreement, which identifies the findings of violations and sanctions.
2. Referral to the Joint Trial Board. a. If a violation is of sufficient gravity to warrant formal disciplinary action, after the required concurrences are obtained, Division Staff and/or an AICPA Subcommittee will report the matter to the secretary of the Joint Trial Board Division, who will summon the respondent to appear at a hearing of the joint trial board.
- b. In considering whether to refer a respondent to the joint trial board, the Committee may be guided by the existence, as revealed in the investigation, of one or more of the following conditions, which are not all inclusive:
 - (i) Harm to the public or the profession.
 - (ii) Disregard for standards.
 - (iii) Disregard for facts.
 - (iv) Subordination of professional judgment.
 - (v) Failure to act on findings of a prior quality control or peer review.
 - (vi) Repeated violations.

(vii) Reflection on the respondent's honesty.

c. If the Committee concurs on the proposed referral of a respondent to the joint trial board, a recommendation should be made about the action to be taken.

3. Letter of Required Corrective Action or Modified Letter of Required Corrective

Action. a. If a violation is not of sufficient gravity to warrant a formal trial board hearing, a letter of required corrective action to the respondent may be issued after obtaining the required approvals and concurrence.

b. The respondent may be directed to successfully complete certain CPE courses within a specified time period. The specified CPE courses may be in addition to mandatory CPE required by New York State. In deciding whether to direct the respondent to successfully complete courses and in selecting courses to be completed, the focus should be on what the evidence obtained during the investigation suggests are the causes of the violation and on the gravity of the violation. If a respondent's deficient knowledge of some subject was the cause of his or her conduct, the respondent should be directed to complete those CPE courses that could address the deficiency.

c. In the letter of required corrective action, or modified letter of required corrective action, the respondent should be advised that failure to comply with the directives set forth in the letter would constitute a violation of the Bylaws and/or Code, and in the event that the case is revisited, or in the event that a subsequent complaint is brought against the respondent, the Division Staff will consider the respondent's failure to comply.

d. A letter of required corrective action or modified letter of required corrective action may also direct the respondent to submit examples of his or her subsequent work for review by Division Staff.

- e. If a respondent exercises his or her right to reject a letter of required corrective action or modified letter of required corrective action, the Division Staff should decide whether to bring the matter to a hearing panel of the joint trial board. If the Subcommittee or the AICPA Professional Ethics Executive Committee (“PEEC”) decides to bring the matter to a hearing panel, it should, after obtaining the required concurrences, arrange to present the case. Upon rejection of the letter of required corrective action or modified letter of required corrective action, the Division Staff may decide not to bring the matter to a hearing panel. A letter will be sent to the respondent advising him or her that no further action will be taken. In that event, the letter of required corrective action and the respondent’s rejection are retained in the confidential file.
- f. The Division Staff monitors member compliance with all requirements imposed in a letter of required corrective action or modified letter of required corrective action issued by the AICPA Subcommittee or Trial Board. Members who fail to complete the assigned CPE within the stated period of time are contacted by the Division Staff, and if necessary are referred back to the AICPA Subcommittee for further action. Such action could result in a violation of Society Bylaw Article XII.12 “Failure to Cooperate” and referral to a hearing panel of the Trial Board, pending the offer and acceptance of a settlement agreement to expel.
- g. The Division Staff shall, after obtaining the required concurrences, send the letter to the respondent pursuant to JEEP procedures.
- h. The AICPA Subcommittee may later amend the terms thereof (for example, waive the completion of certain or all specified CPE courses, extend the time for the completion of specified CPE courses, waive the submission of examples of the respondent’s future work, etc.) and may obtain the Committee’s concurrence if necessary.

- i. If a respondent fails to comply with directives, the AICPA Subcommittee should proceed under the Bylaws or the Code applicable to a member's noncompliance with the directives.
4. Settlement of Ethics Charges.
 - a. As a participating member of JEEP, the Committee may concur on opportunities to settle charges arising from the investigation that was conducted on behalf of the Committee pursuant to JEEP procedures.
 - b. Settlement offers are not negotiable. If a member rejects the settlement offer, the case will be referred to the joint trial board for a hearing.
 - c. Upon acceptance of a settlement offer by the respondent(s), the AICPA Subcommittee, PEEC and the Committee, the settlement agreement should be submitted to the Trial Board Division which, upon a finding that the respondent(s) has waived his or her rights to a hearing under AICPA Bylaw, section 7.4 and/or NYSSCPA Bylaw XII.17, shall approve the settlement and authorize publication of the respondent's name, and a factual summary of the case in accordance with Society Bylaw Article XII.15 (AICPA publication shall be in accordance with AICPA Bylaws). In addition, NYSSCPA Bylaws Article XII.19 requires the Committee to inform the New York State Education Department and any other applicable state or federal regulatory agency known to the Committee of the settlement agreement and to turn over all information requested by the regulatory authorities.
 - d. Pre-issuance Review. A decision to impose a pre-issuance review requirement may be made by the Division Staff as part of the settlement agreement when in its judgment the results of an ethics investigation warrants such a requirement.
 - e. The Division Staff is responsible for monitoring member compliance with remedial requirements imposed in a settlement agreement issued by the PEEC

and the Committee or Trial Board as a result of an ethics investigation. Members that fail to comply with the directives within the stated period of time are contacted by Division Staff, and if necessary further action may be taken. Such action could result in a violation of Bylaw Article XII.12 "Failure to Cooperate" and referral to a hearing panel of the Trial Board, pending the offer and acceptance of a settlement agreement to expel.

- f. Concurrence. Concurrence shall be obtained from the other JEEP participants, if applicable, and in those instances specifically required in this manual.

- 5. Publication of Disciplinary Action. The names of members who are disciplined after a trial board hearing or by settlement agreement recognized by the joint trial board or Society trial board and of those who are automatically disciplined by the Society shall be published together with a factual summary of the case in: (1) a publication of the Society which is mailed to all members; and (2) on the Society's website.

VII. CONFIDENTIALITY

A. All complaints and investigations are handled in a confidential manner except that complainants shall be notified of certain results in accordance with Article XII.15(b).

1. Pursuant to Bylaw Article XII.15, the Committee shall publish any automatic discipline, any discipline after a joint trial board or Society trial board hearing, or settlement agreement recognized by those bodies, including the name of the member together with a factual summary of the case. Such publication shall be in a publication of the Society which is mailed to all members and on the Society website in accordance with the retention timeline established by the Board of Directors.
2. The Committee shall comply with valid and enforceable subpoenas as required by law. The Committee reserves the right to challenge, or otherwise limit the scope of, any and all subpoenas served upon the Committee as permitted by law.

B. Article XII.19 of the Bylaws states:

Disclosure to Regulatory Authorities—*The professional ethics committee shall inform the New York State Education Department and any other applicable state or federal regulatory agency (“Regulatory Authorities”) known to the committee of investigations involving professional conduct of a member or a partner or employee of the member’s firm as follows:*

- (a) after a request has been granted to a member to defer the investigation by the professional ethics committee;*
- (b) after a member fails to cooperate with the professional ethics committee in any investigation;*
- (c) after a complaint has been referred to the Joint Trial Board under Article XII, paragraph 10 or the Society trial board under Article XII, paragraph 14;*

- (d) after automatic actions under Article XII, paragraphs 2, 3, 4,5 or 6;*
- (e) after a settlement agreement has been entered into between the member and the professional ethics committee.*

The professional ethics committee shall turn over to the Regulatory Authorities all statements, documents and other materials relating to the investigation, or copies thereof, requested by the Regulatory Authorities.

VIII. CONFLICT OF INTEREST

A. Recusal

1. A member of the Committee is considered to have a conflict of interest and must recuse¹ himself/herself from concurrence and the resulting findings and decisions if he or she:
 - (i) is associated² in the practice of public accounting with the complainant or respondent(s), or his or her representative(s);
 - (ii) has a client relationship, with the complainant or respondent, or his or her representative(s);
 - (iii) has a client relationship with the person or entity furnishing the other information that gave rise to the investigation;
 - (iv) is associated in the practice of public accounting with the firm or firms identified in the complaint or other information;
 - (v) does not qualify as a covered person as defined by the Code but instead is a partner or an employee of the firm;
 - (vi) participated in a peer review of the respondent's firm, or has otherwise dealt with the respondent's firm while serving as a member of the Society's Peer Review Committee;
 - (vii) was a former member, employee, representative or consultant of the State Board for Public Accountancy, Office of Professional Discipline, or the

¹A recused member should not attend those portions of Committee meetings in which the investigation is discussed and findings and decisions are made. The minutes of such meetings should record the member's absence. A recused member shall not receive copies of any correspondence, memoranda, or reports pertaining to the investigation. Similarly any case information that is posted electronically should not be accessed by the recused member. As discussed in this section, members are sometimes privy to information that might present a conflict of interest. Due to the nature of the mission given the Committee, members are relied on to recuse themselves and fulfill their responsibilities under an honor system that requires a high level of individual character and integrity.

² e.g. If a Committee member is engaged in the practice of public accounting as defined in the NYSSCPA Code of Conduct and relevant state laws and regulations, or was previously engaged in the practice of public accounting, with either complainant or respondent where a professional relationship existed or was created by virtue of said engagement. All possible professional affiliations should be considered by the committee member contemplating recusal.

AICPA's PEEC with respect to such entity's investigation of a member or his/her firm which is the subject of an investigation by the Committee.

2. A member of the Committee may have other relationships, for example personal or family relationships with the respondent or complainant, or a relationship with other persons involved in or related to the ethics investigation. If such a relationship exists the Committee member should recuse himself/herself. Where the Committee member has not made the decision to recuse himself/herself, that relationship must be reported to the Chair of the Committee, who has final authority as to whether that member should or should not recuse himself or herself from any participation in the investigation.

B. Mandatory Leave of Absence

1. Any member of the Committee who is the subject of an investigation by the AICPA Professional Ethics Division shall be required to take a leave of absence³ from the Committee during the pendency of such investigation. A leave of absence would also be required if the Committee member is:
 - On the engagement team;⁴
 - in the chain of command over the engagement team;⁵
 - a partner or manager who has provided ten or more hours of services to the client.
2. Any member of the Committee who is the complainant in an investigation by the Committee or the AICPA Professional Ethics Division and is involved in the subject

³ A leave of absence is defined as a temporary removal from all Committee activities for the duration of the investigation, including discussions, appeals and closing.

⁴ *Engagement team* means all partners, principals, shareholders, and professional employees participating in a professional service engagement of that client, including those conducting concurring and second partner reviews and all persons who consult with the engagement team regarding industry specific or technical issues, transactions, or events.

⁵ *Chain of command* includes persons who are in a position to influence the engagement, including those who (1) supervise or have direct contact management responsibility for the engagement; (2) evaluate the performance or recommend compensation of the audit engagement partner; or (3) provide quality control or other oversight over the audit.

matter of the complaint shall be required to take a leave of absence from the Committee during the pendency of such investigation.

3. The Chair shall notify the members of the PEC during Executive Session that such member is on a leave of absence from the Committee.

C. Ban on Representation by Committee Member

A member of the Committee shall not represent any person who is currently under investigation by the Division Staff, or who as a result of an investigation is being monitored by the Division Staff for compliance with any terms or conditions established as a consequence of such investigation. Representation by a Committee member of a person being monitored by the Division Staff would include (1) the production of formal or informal documents, (2) the dissemination of oral advice, and (3) any discussion with Division Staff on behalf of the monitored person.

D. Respondent's Right to Assert a Conflict of Interest

At any time before the Committee makes its findings and decisions on concurrence requests in any investigation, a respondent shall have the right to assert, in writing to the Chair of the Committee, that a member of the Committee, has a conflict of interest or the appearance of a conflict of interest, together with a submission of a statement of reasons and the basis for such assertion. The Committee shall determine whether the facts underlying such assertion would impair the respondent's rights to due process in the investigation, and if so, the Committee shall decide whether that member should or should not recuse himself or herself from any further participation in the investigation and Committee's decision-making on any concurrence thereon.

IX. FILE RETENTION POLICY

<u>Record</u>	<u>Retention Period</u>
Meeting Agendas & Exhibits	Indefinite
Minutes of Meetings	Indefinite
Administrative Files	Indefinite
Closed Investigation Files	
No Violation	1 year
No Further Action	1 year
Required Corrective Action	5 years
Admonishment	1 year
Suspensions	5 years
Expulsions	Permanent

If there are multiple cases on a member, they should not be destroyed until all cases are closed (includes no violations).