



Territory of Guam
Territorio de Guam

OFFICE OF THE GOVERNOR
I FESINAN I MAGALAE
AGANA, GUAM 96910 U.S.A.

**REFER TO
LEGISLATIVE SECRETARY**

MAY 31 1994

The Honorable Joe T. San Agustin
Speaker, Twenty-Second Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:

RECEIVED
OFFICE OF THE SPEAKER
DATE: 5/31/94
TIME: 5:16
RECD BY: [Signature]

Transmitted herewith is Bill No. 501, which I have signed into law this date as
Public Law 22-132.

Sincerely yours,

Frank F. Blas

FRANK F. BLAS
Governor,
Acting

220725

Attachment

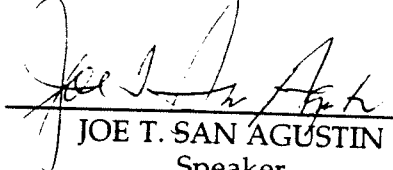


Commonwealth Now!

TWENTY-SECOND GUAM LEGISLATURE
1994 (SECOND) Regular Session

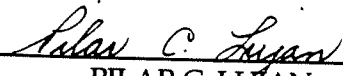
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 501 (LS), "AN ACT TO AMEND PARAGRAPHS (d), (f), AND (h) OF §54002; TO ADD A NEW PARAGRAPH (e) TO §54002, TO RELETTER PARAGRAPHS (e), (f), (g), (h), (i), AND (j) OF §54002 TO (f), (g), (h), (i), (j), AND (k), RESPECTIVELY; TO AMEND PARAGRAPHS (a), (h), AND (j) OF §54003 AND PARAGRAPHS (b), (d), AND (e) OF §54004; TO REPEAL AND REENACT PARAGRAPH (c) OF §54004; TO AMEND PARAGRAPHS (b) AND (c) OF §54005, PARAGRAPH (c) OF §54006, AND PARAGRAPH (b) OF §54018; TO RENUMBER §§54019, 54020, AND 54021 TO §§54022, 54023, AND 54024, RESPECTIVELY; AND TO ADD NEW §§54019, 54020, AND 54021; ALL OF AND TO CHAPTER 1, TITLE LVII, GOVERNMENT CODE OF GUAM, MAKING TECHNICAL AMENDMENTS TO THE PUBLIC ACCOUNTANCY ACT OF GUAM," was on the 13th day of May, 1994, duly and regularly passed.



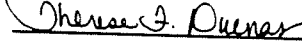
JOE T. SAN AGUSTIN
Speaker

Attested:



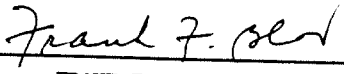
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 19th day of May
1994, at 3:01 o'clock P.M.



Theresa J. Ouenas
Assistant Staff Officer
Governor's Office

APPROVED:



FRANK F. BLAS
Governor of Guam
Acting

Date: May 31, 1994

Public Law No. 22-132

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 501 (LS)

As substituted by the Committee on
Ways and Means and as further
substituted by the Committee on
Rules

Introduced by:

H. D. Dierking
C. T. C. Gutierrez
V. C. Pangelinan
E. P. Arriola
T. S. Nelson
P. C. Lujan
A. C. Blaz
M. D. A. Manibusan
J. G. Bamba
T. C. Ada
J. P. Aguon
M. Z. Bordallo
D. Parkinson
E. D. Reyes
J. T. San Agustin
F. E. Santos
D. L. G. Shimizu
D. F. Brooks
F. P. Camacho
T. V. C. Tanaka
A. R. Unpingco

AN ACT TO AMEND PARAGRAPHS (d), (f), AND (h) OF §54002; TO ADD A NEW PARAGRAPH (e) TO §54002, TO RELETTER PARAGRAPHS (e), (f), (g), (h), (i), AND (j) OF §54002 TO (f), (g), (h), (i), (j), AND (k), RESPECTIVELY; TO AMEND PARAGRAPHS (a), (h), AND (j) OF §54003 AND PARAGRAPHS (b), (d), AND (e) OF §54004; TO REPEAL AND REENACT PARAGRAPH (c) OF §54004; TO AMEND PARAGRAPHS (b) AND (c) OF §54005, PARAGRAPH (c) OF §54006, AND

PARAGRAPH (b) OF §54018; TO RENUMBER §§54019, 54020, AND 54021 TO §§54022, 54023, AND 54024, RESPECTIVELY; AND TO ADD NEW §§54019, 54020, AND 54021; ALL OF AND TO CHAPTER 1, TITLE LVII, GOVERNMENT CODE OF GUAM, MAKING TECHNICAL AMENDMENTS TO THE PUBLIC ACCOUNTANCY ACT OF GUAM.

1 **BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:**

2 **Section 1.** Paragraph (d) of §54002, Title LVII, Government Code, is
3 hereby amended to read:

4 "(d) License means a certificate issued under §54004 of this
5 Chapter, or a permit issued under §54005 or 54006; or in each case a
6 certificate or permit issued under corresponding provisions or prior
7 law."

8 **Section 2.** Paragraph (e) is hereby added to §54002, Title LVII,
9 Government Code, to read:

10 "(e) Licensee means a holder of a license as defined in
11 subsection (d) of §54002."

12 **Section 3.** Paragraph (f) of §54002, Title LVII, Government Code, is
13 hereby amended to read:

14 "(g) Practice of, or practicing public accountancy means the
15 performance or the offering to perform by a person or firm holding
16 of one or more kinds of services involving the use of accounting or
17 auditing skills, including the issuance of reports on financial
18 statements or of one or more kinds of management advisory,
19 financial advisory, or consulting service, or the preparation of tax
20 returns or the furnishing of advice on tax matters."

1 **Section 4.** Paragraph (h) of §54002, Title LVII, Government Code, is
2 hereby amended to read:

3 "(i) Report, when used with reference to financial statements,
4 means an opinion, report, or other form of language that states or
5 implies assurance as to the reliability of any financial statements and
6 that also includes or is accompanied by any statement or implication
7 that the person or firm issuing it has special knowledge or
8 competence in accounting or auditing. Such a statement of
9 implication or special knowledge or competency may arise from use
10 by the issuer of the report of names or titles indicating that he or it is
11 an accountant or auditor, or from the language of the report itself.
12 The term report includes any form of language which disclaims an
13 opinion when such form of language is conventionally understood to
14 imply any positive assurance as to the reliability of the financial
15 statements referred to or special competence on the part of the
16 person or firm issuing such language; and it includes any other form
17 of language that is conventionally understood to imply such
18 assurance or such special knowledge or competence."

19 **Section 5.** Paragraphs (e), (g), (i), and (j) of §54002, Title LVII,
20 Government Code, are hereby relettered (f), (h), (j) and (k), respectively.

21 **Section 6.** Paragraph (a) of §54003, Title LVII, Government Code, is
22 hereby amended to read:

23 "(a) There is hereby created the Guam Board of Accountancy,
24 which shall have responsibility for the administration and
25 enforcement of this Chapter. The Board shall consist of five
26 members appointed by the Governor, all of whom shall be residents
27 of Guam and holders of certificates currently valid under §54004 of

1 this Chapter. At least a majority plus one of such members shall be
2 holders of currently valid permits issued under §54005 of this
3 Chapter or corresponding provisions of prior law. The term of each
4 member of the Board shall be four years. Vacancies occurring during
5 a term shall be filled by appointment by the Governor for the
6 unexpired term. Upon the expiration of a member's term of office,
7 such member shall continue to serve until successor shall have been
8 appointed and taken office. Any member of the Board whose
9 certificate under §54004 of this Chapter is revoked or suspended shall
10 automatically cease to be a member of the Board, and the Governor
11 may, after a hearing pursuant to the Administration Adjudication
12 Law, remove any member of the Board for neglect of duty or other
13 cause."

14 **Section 7.** Item (5) of paragraph (h) of §54003, Title LVII, Government
15 Code, is hereby amended to read:

16 "(5) Rules specifying actions and circumstances that shall be
17 deemed to constitute holding oneself out as a licensee in connection
18 with the practice of public accountancy within the meaning of
19 subsection (f) of §54002."

20 **Section 8.** A new paragraph (j) is hereby added to §54003, Title LVII,
21 Government Code, to read:

22 "(j) The Director of Revenue and Taxation, or his duly
23 authorized deputy, both of whom are hereinafter referred to as the
24 "Director", shall administer the provisions of this Chapter on the
25 licensure of accountants, on the issuance of certificates and permits,
26 on budgeting matters, and on any other administrative support as

1 agreed to by the Board and the Director. The Director shall be an ex
2 officio, non-voting member of the Board."

3 **Section 9.** Paragraph (b) of §54004, Title LVII, Government Code, is
4 hereby amended to read:

5 "(b) Good character for purposes of this §54004 means lack of
6 a history of dishonest or felonious acts. The Board may refuse to
7 grant a certificate on the grounds of failure to satisfy this
8 requirement only if there is a substantial connection between the lack
9 of good character of the applicant and the professional
10 responsibilities of a licensee and if the finding by the Board of lack of
11 good character is supported by clear and convincing evidence. When
12 an applicant is found to be unqualified for a certificate because of
13 lack of good character, the Board shall furnish the applicant a
14 statement containing the findings of the Board, a complete record of
15 the evidence upon which the determination was based, and a notice
16 of the applicant's right of appeal."

17 **Section 10.** Paragraph (c) of §54004, Title LVII, Government Code, is
18 hereby repealed and reenacted to read:

19 "(c) The education requirement for a certificate, which must be
20 met before an applicant is eligible to apply for the examination
21 prescribed in subsection (d), shall be as follows:

22 (1) During the 6 year period immediately following the
23 effective date of this Act, a baccalaureate degree or its
24 equivalent conferred by a college or university acceptable to the
25 Board, with an accounting concentration or equivalent as
26 determined by Board rule to be appropriate;

1 (2) After the expiration of the 6 year period immediately
2 following the effective date of this Act, at least 150 semester
3 hours of college education including a baccalaureate or higher
4 degree conferred by a college or university acceptable to the
5 Board, the total educational program to include an accounting
6 concentration or equivalent as determined by Board rule to be
7 appropriate."

8 **Section 11.** Paragraph (d) of §54004, Title LVII, Government Code, is
9 hereby amended to read:

10 "(d) The examination required to be passed as a condition for
11 the granting of a certificate shall include but not limited to the
12 Uniform Certified Public Accountancy examination of the American
13 Institute of Certified Public Accountants ("AICPA") (or other
14 uniformly adopted examination of every accountancy licensing
15 jurisdiction of the United States), shall be in writing, shall be held
16 twice a year, and shall test the applicant's knowledge of the subjects
17 of accounting and auditing and such other related subjects as the
18 Board may specify by rule. The time for holding such examination
19 shall be fixed by the Board and may be changed from time to time.
20 The Board shall prescribe by rule the methods of applying for and
21 conducting the examination, including methods of grading papers
22 and determining a passing grade required of an applicant for a
23 certificate provided, however, that the Board shall to the extent
24 possible see to it that the grading of the examination, and the
25 passing grades, are uniform with those applicable in all other states.
26 The Board may make such use of all or any part of the AICPA
27 Uniform Certified Public Accountant Examination and Advisory

1 Grading Service and may contact with third parties to perform such
2 administrative services with respect to the examination as it deems
3 appropriate to assist it in performing its duties hereunder."

4 **Section 12.** Paragraph (e) of §54004, Title LVII, Government Code, is
5 hereby amended to read:

6 "(e) An applicant shall be required to pass all sections of the
7 examination provided for in subsection (d) in order to qualify for a
8 certificate. If at a given sitting of the examination an applicant
9 passes two or more but not all sections, then such applicant shall be
10 given credit for those sections that such applicant has passed and
11 need not sit for reexamination in those sections; provided, that--

12 (1) The applicant wrote all sections of the examination at
13 that sitting;

14 (2) The applicant attained a minimum grade of 50 on each
15 section not passed at that sitting;

16 (3) The applicant passes the remaining sections of the
17 examination within six consecutive examinations given after
18 the one at which the first sections were passed;

19 (4) At each subsequent sitting at which the applicant seeks
20 to pass any additional sections, the applicant writes all sections
21 not yet passed; and

22 (5) In order to receive credit for passing additional
23 sections in any such subsequent sitting, the applicant attains a
24 minimum grade of 50 on sections written but not passed on
25 such sitting."

26 **Section 13.** Paragraph (f) of §54004, Title LVII, Government Code, is
27 hereby amended to read:

1 "(f) An applicant shall be given credit for any and all sections
2 of an examination passed in another state if such credit would have
3 been given, under then applicable requirements, if the applicant had
4 taken the examination in Guam.

5 **Section 14.** Paragraph (g) of §54004, Title LVII, Government Code, is
6 hereby amended to read:

7 "(g) The Board may in particular cases waive or defer any of
8 the requirements of subsections (e) and (f) regarding the
9 circumstances in which the various sections of the examination must
10 be passed, upon a showing that, by reason of circumstances beyond
11 such applicant's control, such applicant was unable to meet such
12 requirement."

13 **Section 15.** Paragraph (h) of §54004, Title LVII, Government Code, is
14 hereby amended to read:

15 "(h) The Board may charge, or provide for a third party
16 administering the examination to charge, each applicant a fee, in an
17 amount prescribed by the Board by rule, for each section of the
18 examination or reexamination taken by the applicant."

19 **Section 16.** Paragraph (b) of §54005, Title LVII, Government Code, is
20 hereby amended to read:

21 "(b) Permits shall be initially issued, and renewed, for a period
22 of one year but in any event shall expire on the last day of December
23 of each year and may be renewed annually for a period of one year
24 by certificate holders and registrants in good standing upon payment
25 of an annual renewal fee as established by the Board from time to
26 time by rule. Applications for such permits shall be made in such
27 form, and in the case of applications for renewal, between such

1 dates, as the Board shall by rule specify, the Board shall grant or
2 deny any such application no later than sixty days after the
3 application is filed in proper form. In any case where the applicant
4 seeks the opportunity to show that issuance or renewal of a permit
5 was mistakenly denied, or where the Board is not able to determine
6 whether it should be granted or denied, the Board may issued to the
7 applicant a provisional permit, which shall expire ninety days after
8 its issuance or when the Board determines whether to issue or renew
9 the permit for which application was made, whichever shall first
10 occur."

11 **Section 17.** Paragraph (c) of §54005, Title LVII, Government Code, is
12 hereby amended to read:

13 "(c) An applicant for initial issuance of a permit under this
14 §54005 shall show--

15 (1) That such applicant holds a valid certificate;

16 (2) During the 6 year period immediately following the
17 effective date of the Act, that such applicant has had two years
18 of experience in the practice of public accountancy, meeting
19 requirements prescribed by the Board by rule; or, if the
20 applicant's educational qualifications comprise a baccalaureate
21 degree with an accounting concentration or equivalent as
22 determined by the Board by rule to be appropriate under
23 subsection (c) of §54004, and not less than thirty semester hours
24 of additional study, then that such applicant has had one year
25 of experience in such practice;

26 (3) After the expiration of the six year period immediately
27 following the effective date of this Act, that such applicant has

1 had one year of experience in the practice of public
2 accountancy, meeting requirements prescribed by the Board by
3 rule.

4 (4) If the applicant's certificate was issued more than four
5 years prior to application for issuance of an initial permit
6 under this Section, that such applicant has fulfilled the
7 requirements of continuing professional education that would
8 have been applicable under subsection (e) of this §54005 if such
9 applicant had secured an initial permit within four years of
10 issuance of certificate and was now applying under subsection
11 (e) for renewal of such permit."

12 **Section 18.** Paragraph (c) of §54006, Title LVII, Government Code, is
13 hereby amended to read:

14 "(c) An applicant for initial issuance or renewal of a permit to
15 practice under this §54006 shall be required to show that each
16 partner, officer, or shareholder who regularly works in this territory,
17 and each employee holding a certificate who regularly works in
18 Guam (except for employees who have not yet accumulated
19 sufficient experience to qualify for a permit under subsection (c)(2) of
20 §54005) holds a valid individual permit to practice issued under
21 §54005 or the corresponding provision of prior law and that each
22 other partner, officer, or shareholder holds a certificate and is
23 licensed to practice public accountancy in some other state."

24 **Section 19.** Paragraph (b) of §54018, Title LVII, Government Code, is
25 hereby amended to read:

26 "(b) A licensee shall furnish to each client or former client,
27 upon request and reasonable notice - -"

1 **Section 20.** §§54019, 54020, and 54021, Title LVII, Government Code,
2 are hereby renumbered §§54022, 54023, and 54024, respectively.

3 **Section 21.** A new §54019 is hereby added to Title LVII, Government
4 Code, to read:

5 "§54019. **Privity of contract.** (a) This section applies to all
6 causes of action for the types specified herein filed on or after the
7 effective date of the enactment of this section.

8 (b) This section governs any action based on negligence
9 brought against any accountant or firm of accountants practicing in
10 Guam by any person or entity claiming to have been injured as a
11 result of financial statements or other information examined,
12 compiled, reviewed, certified, audited or otherwise reported or
13 opined on by the defendant accountant or in the course of an
14 engagement to provide other public accountancy services.

15 (c) No action covered by this section may be brought unless:

16 (1) the plaintiff (1) is issuer (or successor of the issuer) of
17 the financial statements or other information examined,
18 compiled, reviewed, certified, audited or otherwise report or
19 opined on by the defendant and (2) engaged the defendant
20 accountant to examine, compile, review, certify, audit or
21 otherwise report or render an opinion on such financial
22 statements or to provide other public accountancy services; or

23 (2) The defendant accountant or firm: (1) was aware at
24 the time the engagement was undertaken that the financial
25 statements or other information were to be made available for
26 use in connection with a specified transaction by the plaintiff
27 who was specifically identified to the defendant accountant, (2)

1 was aware that the plaintiff intended to rely upon such
2 financial statements or other information in connection with
3 the specified transaction, and (3) had direct contact and
4 communication with the plaintiff and expressed by words or
5 conduct the defendant accountant's understanding of the
6 reliance on such financial statements or other information."

7 **Section 22.** A new §54020 is hereby added to Title LVII, Government
8 Code, to read:

9 "§54020. **Uniform Statute of Limitations.** (a) This section
10 applies to all causes of action of the types specified herein filed on or
11 after the effective date of the enactment of this section.

12 (b) This section governs any action based on negligence or
13 breach of contract brought against any accountant, any partnership
14 of such accountants, or any accounting corporation practicing in
15 Guam by any person or entity claiming to have been injured as a
16 result of financial statements or other information examined,
17 compiled, reviewed, certified, audited or otherwise reported or
18 opined on by the defendant accountant as a result of an engagement
19 to provide public accountancy services.

20 (c) No action covered by this section may be brought unless the
21 suit is commenced on or before the earlier of:

22 (1) One (1) year from the date the alleged act, omission or
23 neglect is discovered or should have been discovered by the
24 exercise of reasonable diligence;

25 (2) Three (3) years after completion of the service for
26 which the suit is brought has been performed; or

1 (3) Three (3) years after the date of the initial issuance of
2 the accountant's report on the financial statements or other
3 information."

4 **Section 23.** A new §54021 is hereby added to Title LVII, Government
5 Code, to read:

6 "**§54021. Proportionate liability.** (a) This section applies to all
7 causes of action of the types specified herein filed on or after the
8 effective date of the enactment of this section.

9 (b) This section governs any claim for money damages brought
10 against any accountant; any partnership of accountants or any
11 accounting corporation registered, licensed or practicing in Guam;
12 or any employee or principal of such partnership or corporation by
13 any person or entity claiming to have been injured as a result of the
14 practice of public accountancy by the defendant accountant or other
15 person or entity.

16 (c) No judgment for money damages may be entered against
17 any accountant, partnership, corporation, employee, or principal in
18 subsection (b) (collectively referred to in this subsection as the
19 "accountant") in an action covered by this section except in
20 accordance with the provisions of this subsection.

21 (A) The trier of fact shall determine the percentage of
22 responsibility of the plaintiff, of each of the defendants, and of
23 each of the other persons or entities alleged by the parties to
24 have caused or contributed to the harm alleged by the plaintiff.
25 In determining the percentages of responsibility, the trier of
26 fact shall consider both the nature of the conduct of each

1 person and the nature and extent of the causal relationship
2 between that conduct and the damage claimed by the plaintiff.

3 (B) The trier of fact shall next determine the total amount
4 of damage suffered by the plaintiff caused in whole or in part
5 by the plaintiff, the defendants, and other persons alleged to
6 have caused or contributed to the damage.

7 (C) The trier of fact shall then multiply the percentage of
8 responsibility of the accountant (determined under (A)) by the
9 total amount of damages (determined under (B)) and shall
10 enter a judgment or verdict against the accountant in an
11 amount no greater than the product of those two (2) factors.

12 (D) In no event shall the damages awarded against or
13 paid by an accountant exceed the amount determined under
14 (C). The accountant shall not be jointly liable on any judgment
15 entered against any other party to the action.

16 (E) Except where a contractual relationship permits, no
17 defendant shall have a right to recover from an accountant any
18 portion of the percentage of damages assessed against such
19 other defendant."

Twenty-Second Guam Legislature



CARL T.C. GUTIERREZ
Senator

155 Hesler Street
Pacific Arcade
Agana, Guam 96910
Telephone: (671) 472-3407 thru 9
Fax: 477-3161

Chairman, Committee
on Ways & Means

Vice-Chairman, Committee
on Rules

Vice-Chairman, Committee
on Tourism & Transportation

April 12, 1994

Honorable Speaker Joe T. San Agustin
Speaker, Twenty-Second Guam Legislature
155 Hesler Street
Legislative Temporary Building
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Ways & Means wishes to report out its findings on **BILL NO. 501, "AN ACT TO REPEAL AND REENACT CHAPTER 1 TITLE LVII (C.) OF SUBSECTION 54004 OF THE GOVERNMENT CODE OF GUAM"**, to the full Legislature with the recommendation to do Pass as Substituted by the Committee on Ways & Means.

The Committee Voting Record is as follows:

TO PASS:	<u>14</u>
NOT TO PASS:	<u>0</u>
ABSTENTIONS:	<u>0</u>
INACTIVE FILE:	<u>0</u>

Copies of the Committee Report and all pertinent documents are attached for your information.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl T. C. Gutierrez".

CARL T. C. GUTIERREZ
Chairman

Attachments


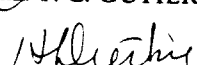

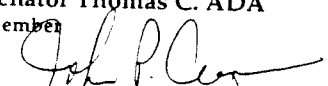
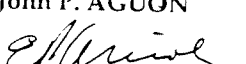
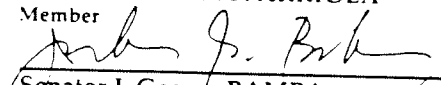
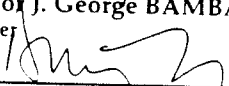
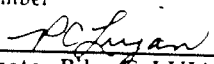
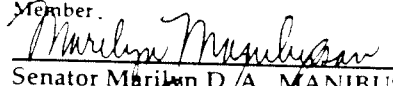

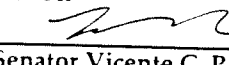



Twenty-Second Guam Legislature
Committee on Work & Means

VOTING SHEET

BILL NO.

501

AN ACT TO REPEAL AND REENACT CHAPTER 1 TITLE LVII (C.)
OF SUBSECTION 54004 OF THE GOVERNMENT CODE OF GUAM.

	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
 Senator Carl T. C. GUTIERREZ Chairman	✓			
 Senator Herminia D. DIERKING Vice-Chairman	✓			
 Senator Thomas C. ADA Member	✓			
 Senator John P. AGUON Member	✓			
 Senator Elizabeth P. ARRIOLA Member	✓			
 Senator J. George BAMBA Member	✓			
 Senator Anthony C. BLAZ Member	✓			
 Senator Pilar C. LUJAN Member	✓			
 Senator Marilyn D.A. MANIBUSAN Member	✓			
 Senator Ted S. NELSON Member	✓			
 Senator Vicente C. PANGELINAN Member	✓			
 Senator David L.G. SHIMIZU Member	✓			
 Senator Antonio R. UNPINGCO Member	✓			
 Speaker Joe T. SAN AGUSTIN Ex-Officio Member	✓			

**COMMITTEE ON WAYS & MEANS
COMMITTEE REPORT**

ON

**BILL NO. 501: AN ACT TO REPEAL AND
REENACT CHAPTER 1 TITLE LVII (C.) OF
SUBSECTION 54004 OF THE GOVERNMENT
CODE OF GUAM.**

The Committee on Ways & Means conducted a public hearing on Monday, February 28, 1994 beginning at 9:00 a.m. at the Legislative Public Hearing Room to gather testimony on Bill No. 501. Senator Carl T. C. Gutierrez, Chairman of the Committee conducted the hearing, being joined by Senators Ted S. Nelson, David L. G. Shimizu, and Thomas C. Ada.

TESTIMONY

Mr. Todd S. Smith, Vice-Chairperson, of the Territorial Board of Public Accountancy

Mr. Todd S. Smith submitted written testimony to Senator Herminia Dierking, sponsor of the Bill requesting that additional corrections, substitutions, deletions, and additions to the "Public Accountancy Act of 1990" be incorporated into Bill No. 501. Mr. Smith stated that these amendments will serve as a vehicle to correct any inconsistency or discrepancy in the Act.

Mr. Jesus U. Torres, Chairman, Board of Regents, University of Guam

Mr. Torres in his testimony stated that the passage of this important Bill is imperative if University of Guam graduates are to be eligible to sit for Certified Public Accountant examinations in the States.

Mr. Torres also indicated that without passage of this legislation, UOG graduates would only be eligible to take the Certified Public Accountant examination on Guam. Also, present Guam Certified Public Accountants operations would in the future be restricted only to Guam and the Micronesian Islands. Equally important, our local operations might be brought into question in dealing with mainland and international companies.

Mr. John M. Phillips, faculty member at the University of Guam teaching Accounting

Mr. Phillips submitted testimony in favor of Bill No. 501. Mr. Phillips who is a CPA is also a member of the three Accounting Associations on Guam, Association of Government Accountants (AGA), Guam Accountant's Association (GAC) and Guam Society of CPA's (GSCPA). He is also a member of the American Institute of CPA's (AICPA), American Accounting Association (AAA), and the Institute of Management Accountant's (IMA), and the UOG Faculty Advisor to the UOG Accounting Club.

Mr. Phillips stated that the AICPA initiated the 150 credit hour requirement. The change in the law is worded as stated in the AICPA's Model Accountancy Bill. All of the "Big Six" accounting organizations have endorsed the requirement.

Also the practice of professional accountancy requires the additional college credits in order to provide the future accountants with sufficient knowledge to enter their chosen profession. The promulgation by authoritative bodies of changes/additions to accounting principles in constant.

Mr. Phillips also indicated that thirty plus states have already passed the requirement that by the year 2000, in order to sit for the CPA examination one must have completed 150 hours of college credit with a concentration in accounting. This means that if the University of Guam does not implement a Masters Program in Accounting, UOG graduates will not be eligible to move from Guam as accountants. The potential to pass (or even be eligible to sit for) the CPA exam is doubtful. Currently 1/3 of UOG's accounting graduates leave the island. Of the remaining accounting graduates 30+ percent receive CPA Certificates on Guam.

UOG students need to have this bill passed in order to implement a Masters Degree in Accounting. All future professional accountants need the Masters Degree in order to be recognized nationally as a CPA. UOG needs this bill passed in order to justify a Master's in Accounting Degree. This means that the first graduates could be in 1998 if Bill 501 is immediately enacted. Any delay's will push the first graduates into 1999 or 2000. Since most students require at least two or three attempts to pass the examination some students could be required to go back to school in order to complete the examination. For the benefit of the students please pass this legislation NOW!!

COMMITTEE RECOMMENDATION

The Committee on Ways & Means, after due consideration of the testimony offered in support of Bill No. 501, recommends that the Bill be reported out to the full Legislature to do Pass as Substituted by the Committee.

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 501 (LS)

As Substituted by the
Committee on Ways & Means

Introduced by:

H. D. Dierking

CTC Gutierrez

V. C. Fangelin

EP Leguina

T. P. ...

ACBIA 2
M. Manifus
J. ...

AN ACT TO AMEND §54002 (d), (f), AND (h); TO ADD A NEW §54002 (e), TO RENUMBER §54002 (e), (f), (g), (h), (i), AND (j), TO (f), (g), (h), (i), (j), AND (k) RESPECTIVELY; TO AMEND §54003 (a), (h), AND (j), §54004 (b), (d) AND (e); TO REPEAL AND REENACT §54004 (c); TO AMEND §54005 (b) AND (c), §54006 (c), AND §54018 (b); TO RENUMBER §§54019, 54020, AND 54021 TO §§54022, 54023, AND 54024 RESPECTIVELY; AND TO ADD A NEW §§54019, 54020, AND 54021 TO CHAPTER 1 OF TITLE LVII OF THE GOVERNMENT CODE OF GUAM RELATIVE TO THE PUBLIC ACCOUNTANCY ACT OF GUAM.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. (a) §54002 (d) of Chapter 1 of Title LVII of the Government Code
3 of Guam is hereby amended to read:

4 "(d) [Licensee] License means [the holder of] a certificate issued
5 under §54004 of this Chapter, or [of] a permit issued under §54005 or
6 54006; or in each case a certificate or permit issued under corresponding
7 provisions or prior law."

8 (b) A new §54002 (e) is hereby added to Chapter 1 of Title LVII of the
9 Government Code to read:

10 "(e) Licensee means a holder of a license as defined in §54002

11 (d)."

1 (c) §54002 (e) of Chapter 1 of Title LVII of the Government Code is
2 hereby renumbered (f):

3 “[e] (f) Permit means a permit to practice public accountancy
4 issued under §§54005 and 54006 of this Chapter or corresponding
5 provisions of prior law or under corresponding provisions of the laws
6 of other states.”

7 (d) §54002 (f) of Chapter 1 of Title LVII of the Government Code is
8 hereby amended to read:

9 “[f] (g) Practice of, or practicing public accountancy means the
10 performance or the offering to perform by a person or firm holding of
11 one or more kinds of services involving the use of accounting or
12 auditing skills, including the issuance of reports on financial
13 statements or of one or more kinds of management advisory, financial
14 advisory, or consulting service, or the preparation of tax returns or the
15 furnishing of advice on tax matters.”

16 (e) §54002 (g) of Chapter 1 of Title LVII of the Government Code is
17 hereby renumbered (h).

18 (f) §54002 (h) of Chapter 1 of Title LVII of the Government Code is
19 hereby amended to read:

20 “[h] (i) Report, when used with reference to financial
21 statements, means an opinion, report, or other form of language that
22 states or implies assurance as to the reliability of any financial
23 statements and that also includes or is accompanied by any statement
24 or implication that the person or firm issuing it has special knowledge
25 or competence in accounting or auditing. Such a statement of
26 implication [of] or special knowledge or competency may arise from
27 use by the issuer of the report of names or titles indicating that he or it

1 is an accountant or auditor, or from the language of the report itself.
2 The term report includes any form of language which disclaims an
3 opinion when such form of language is conventionally understood to
4 imply any positive assurance as to the reliability of the financial
5 statements referred to or special competence on the part of the person
6 or firm issuing such language; and it includes any other form of
7 language that is conventionally understood to imply such assurance or
8 such special knowledge or competence."

9 (g) §54002 (i) of Chapter 1 of Title LVII of the Government Code is
10 hereby renumbered to (j).

11 (h) §54002 (j) of Chapter 1 of Title LVII of the Government Code is
12 hereby renumbered to (k).

13 **Section 2.** (a) §54003 (a) of Chapter 1 of Title LVII of the Government
14 Code is hereby amended to read:

15 "(a) There is hereby created the Guam Board of Accountancy,
16 which shall have responsibility for the administration and
17 enforcement of this Chapter. The Board shall consist of five members,
18 appointed by the Governor, all of whom shall be residents of Guam
19 and holders of certificates currently valid under §54004 of this Chapter.
20 At least a majority plus one of such members shall be holders of
21 currently valid permits issued under §54005 of this Chapter or
22 corresponding provisions of prior law. The term of each member of
23 the Board shall be four years. Vacancies occurring during a term shall
24 be filled by appointment by the Governor for the unexpired term.
25 Upon the expiration of a member's term of office, such member shall
26 continue to serve until successor shall have been appointed and taken
27 office. Any member of the Board whose [permit] certificate under

1 §54004 of this Chapter is revoked or suspended shall automatically
2 cease to be a member of the Board, and the Governor may, after a
3 hearing pursuant to the Administration Adjudication Law, remove
4 any member of the Board for neglect of duty or other cause.”

5 (b) §54003 (h) (5) of Chapter 1 of Title LVII of the Government Code of
6 Guam is hereby amended to read:

7 “(h) (5) Rules specifying actions and circumstances that shall be
8 deemed to constitute holding oneself out as a licensee in connection
9 with the practice of public accountancy within the meaning of
10 subsection [(g)] (f) of §54002.

11 (c) A new §54003 (j) of Chapter 1 of Title LVII of the Government
12 Code of Guam is hereby added to read:

13 “(j) The Director of the Department of Revenue and Taxation,
14 or his duly authorized deputy, both of whom are hereinafter referred to
15 as the “Director,” shall administer the provisions of this Chapter
16 relating to the actual licensing of accountants, issuing certificates and
17 permits, budgeting matters, and any other administrative support as
18 agreed to by the Board and the Director. The Director shall be an ex-
19 officio, non-voting member of the Board.”

20 Section 3. (a) §54004 (b) of Chapter 1 of Title LVII of the Government
21 Code of Guam is hereby amended to read:

22 “(b) Good character for purposes of this §54004 means lack of a
23 history of dishonest or felonious acts. The Board may refuse to grant a
24 certificate on the grounds of failure to satisfy this requirement only if
25 there is a substantial connection between the lack of good character of
26 the applicant and the professional responsibilities of a licensee and if
27 the finding by the Board of lack of good character is supported by clear

1 and convincing evidence. When an applicant is found to be
2 unqualified for a certificate because of lack of good character, the Board
3 shall furnish the applicant a statement containing the findings of the
4 Board, a complete record of the evidence upon which the
5 determination was based, and a notice of the applicant's right of
6 appeal."

7 (b) §54004 (c) of Chapter 1 of Title LVII of the Government Code of
8 Guam is hereby repealed and reenacted to read as follows:

9 "(c) The education requirement for a certificate, which must
10 be met before an applicant is eligible to apply for the examination
11 prescribed in subsection (d), shall be as follows:

12 (1) During the 6 year period immediately following the
13 effective date of this Act, a baccalaureate degree or its
14 equivalent conferred by a college or university
15 acceptable to the Board, with an accounting
16 concentration or equivalent as determined by Board
17 rule to be appropriate;

18 (2) After the expiration of the 6 year period immediately
19 following the effective date of this Act, at least 150
20 semester hours of college education including a
21 baccalaureate or higher degree conferred by a college or
22 university acceptable to the Board, the total
23 educational program to include an accounting
24 concentration or equivalent as determined by Board
25 rule to be appropriate."

26 (c) §54004 (d), (e), (f), (g), and (h) of Chapter 1 of Title LVII of the
27 Government Code of Guam is hereby amended to read:

1 “(d) The examination required to be passed as a condition for
2 the grating of a certificate shall include but not limited to the Uniform
3 Certified Public Accountancy examination of the American Institute of
4 Certified Public Accountants (“AICPA”) (or other uniformly adopted
5 examination of every accountancy licensing jurisdiction of the United
6 States), shall be in writing, shall be held twice a year, and shall test the
7 applicant’s knowledge of the subjects of accounting [**theory, accounting**
8 **practice,]** and auditing and such other related subjects as the Board may
9 specify by rule. The time for holding such examination shall be fixed
10 by the Board and may be changed from time to time. The Board shall
11 prescribe by rule the methods of applying for and conducting the
12 examination, including methods of grading papers and determining a
13 passing grade required of an applicant for a certificate provided,
14 however, that the Board shall to the extent possible see to it that the
15 grading of the examination, and the passing grades, are uniform with
16 those applicable in all other states. The Board may make such use of
17 all or any part of the AICPA Uniform Certified Public Accountant
18 Examination and Advisory Grading Service and may contract with
19 third parties to perform such administrative services with respect to
20 the examination as it deems appropriate to assist it in performing its
21 duties hereunder.

22 (e) An applicant shall be required to pass all [**parts]** sections of
23 the examination provided for in subsection (d) in order to qualify for a
24 certificate. If at a given sitting of the examination an applicant passes
25 two or more but not all [**parts (with the accounting practice part of the**
26 **examination being treated for this purpose as two parts)]** sections, then
27 such applicant shall be given credit for those [**parts]** sections that such

1 applicant has passed and need not sit for reexamination in those [parts]
2 sections; provided, that - -

3 (1) The applicant wrote all [parts] sections of the examination
4 at that sitting;

5 (2) The applicant attained a minimum grade of 50 on each
6 [part] section not passed at that sitting;

7 (3) The applicant passes the remaining [parts] sections of the
8 examination within six consecutive examinations given
9 after the one at which the first [parts] sections were passed;

10 (4) At each subsequent sitting at which the applicant seeks to
11 pass any additional [parts] sections, the applicant writes all
12 [parts] sections not yet passed; and

13 (5) In order to receive credit for passing additional [parts]
14 sections in any such subsequent sitting, the applicant
15 attains a minimum grade of 50 on [parts] sections written
16 but not passed on such sitting."

17 (f) An applicant shall be given credit for any and all [parts]
18 sections of an examination passed in another state if such credit would
19 have been given, under then applicable requirements, if the applicant
20 had taken the examination in GUAM.

21 (g) The Board may in particular cases waive or defer any of the
22 requirements of subsections (e) and (f) regarding the circumstances in
23 which the various [parts] sections of the examination must be passed,
24 upon a showing that, by reason of circumstances beyond such
25 applicant's control, such applicant was unable to meet such
26 requirement.

1 (h) The Board may charge, or provide for a third party
2 administering the examination to charge, each applicant a fee, in an
3 amount prescribed by the Board by rule, for each **[part] section** of the
4 examination or reexamination taken by the applicant.”

5 **Section 4.** §54005 (b) and (c) of Chapter 1 of Title LVII of the Government
6 Code of Guam is hereby amended to read:

7 “(b) Permits shall be initially issued, and renewed, for a period
8 of one year but in any event shall expire on the last day of December of
9 each year and may be renewed annually for a period of one year by
10 certificate holders and registrants in good standing upon payment of an
11 annual renewal fee **[of not to exceed Twenty-Five Dollars (\$25.00)] as**
12 **established by the Board from time to time by rule.** Applications for
13 such permits shall be made in such form, and in the case of
14 applications for renewal, between such dates, as the Board shall by rule
15 specify, the Board shall grant or deny any such application no later than
16 sixty days after the application is filed in proper form. In any case
17 where the applicant seeks the opportunity to show that issuance or
18 renewal of a permit was mistakenly denied, or where the Board is not
19 able to determine whether it should be granted or denied, the Board
20 may issue to the applicant a provisional permit, which shall expire
21 ninety days after its issuance or when the Board determines whether to
22 issue or renew the permit for which application was made, whichever
23 shall first occur.

24 (c) An applicant for initial issuance of a permit under this
25 §54005 shall show - -

26 (1) That such applicant holds a valid certificate;

1 (2) During the 6 year period immediately following the
2 effective date of the Act, [T] that such applicant has had
3 two years of experience in the practice of public
4 accountancy, meeting requirements prescribed by the
5 Board by rule; or, if the applicant's educational
6 qualifications comprise a baccalaureate degree with an
7 accounting concentration or equivalent as determined
8 by the Board by rule to be appropriate under subsection
9 (c) of §54004, and not less than thirty semester hours of
10 additional study, then that such applicant has had one
11 year of experience in such practice;

12 (3) After the expiration of the six year period immediately
13 following the effective date of this Act, that such
14 applicant has had one year of experience in the practice
15 of public accountancy, meeting requirements prescribed
16 by the Board by rule.

17 [(3)] (4) If the applicant's certificate was issued more than
18 four years prior to application for issuance of an initial
19 permit under this Section, that such applicant has
20 fulfilled the requirements of continuing professional
21 education that would have been applicable under
22 subsection (e) of this §54005 if such applicant had secured
23 an initial permit within four years of issuance of
24 certificate and was now applying under subsection (e) for
25 renewal of such permit."

26 Section 5. §54006 (c) of Chapter 1 of Title LVII of the Government Code of
27 Guam is hereby amended to read:

1 “(c) An applicant for initial issuance or renewal of a permit to
2 practice under this §54006 shall be required to show that each partner,
3 officer, or shareholder who regularly works in this Territory, and each
4 employee holding a certificate who regularly works in Guam (except
5 for employees who have not year accumulated sufficient experience to
6 qualify for a permit under subsection (c) (2) of §54005) holds a valid
7 individual permit to practice issued under §54005 or the corresponding
8 provision of prior law and that each other partner, officer, or
9 shareholder holds a certificate and is licensed to practice public
10 accountancy in some other state.”

11 Section 6. §54018 (b) of Chapter 1 of Title LVII of the Government Code of
12 Guam is hereby amended to read:

13 “(b) A licensee shall furnish to [earn] each client or former
14 client, upon request and reasonable notice - -”

15 Section 7. §§54019, 54020, and 54021 of Chapter 1 of Title LVII of the
16 Government Code of Guam is hereby renumbered to §§54022, 54023, and 54024
17 respectively.

18 Section 8. A new §54019 of Chapter 1 of Title LVII of the Government Code
19 of Guam is hereby added to read:

20 “§54019. Privity of Contract. (a) This Section applies to all
21 causes of action for the type specified herein filed on or after the
22 effective date.

23 (b) This Section governs any action based on negligence
24 brought against any accountant or firm of accountants practicing in the
25 Territory by any person or entity claiming to have been injured as a
26 result of financial statements or other information examined,
27 compiled, reviewed, certified, audited or otherwise reported or opined

1 on by the defendant accountant or in the course of an engagement to
2 provide other public accountancy services.

3 (c) No action covered by this Section may be brought unless:

4 (1) The plaintiff (1) is issuer (or successor of the issuer)
5 of the financial statements or other information
6 examined, compiled, reviewed, certified, audited or
7 otherwise reported or opined on by the defendant
8 and (2) engaged the defendant accountant to
9 examine, compile, review, certify, audit or otherwise
10 report or render an opinion on such financial
11 statements or to provide other public accountancy
12 services; or

13 (2) The defendant accountant or firm: (1) was aware at
14 the time the engagement was undertaken that the
15 financial statements or other information were to be
16 made available for use in connection with a specified
17 transaction by the plaintiff who was specifically
18 identified to the defendant accountant, (2) was aware
19 that the plaintiff intended to rely upon such financial
20 statements or other information in connection with
21 the specified transaction, and (3) had direct contact
22 and communication with the plaintiff and expressed
23 by words or conduct the defendant accountant's
24 understanding of the reliance on such financial
25 statements or other information."

26 **Section 9.** A new §54020 of Chapter 1 of Title LVII of the Government Code
27 of Guam is hereby added to read:

1 “§54020. Uniform Statute of Limitations. (a) This Section
2 applies to all causes of action of the type specified herein filed on or
3 after the effective date.

4 (b) This Section governs any action based on negligence or
5 breach of contract brought against any accountant, any partnership of
6 such accountants, or any accounting corporation practicing in the
7 Territory by any person or entity claiming to have been injured as a
8 result of financial statements or other information examined,
9 compiled, reviewed, certified, audited or otherwise reported or opined
10 on by the defendant accountant as a result of an engagement to provide
11 public accountancy services.

12 (c) No action covered by this Section may be brought unless
13 the suit is commenced on or before the earlier of:

14 (1) one year from the date the alleged act, omission or
15 neglect is discovered or should have been discovered
16 by the exercise of reasonable diligence;

17 (2) three years after completion of the service for which
18 the suit is brought has been performed; or

19 (3) three years after the date of the initial issuance of the
20 accountant’s report on the financial statements or
21 other information.”

22 **Section 10.** A new §54021 of Chapter 1 of Title LVII of the Government Code
23 of Guam is hereby added to read:

24 “§54021. Proportionate Liability. (a) This Section applies to
25 all causes of action of the type specified herein filed on or after the
26 effective date.

1 (b) This Section governs any claim for money damages
2 brought against any accountant; any partnership of accountants or any
3 accounting corporation registered, licensed or practicing in this
4 Territory; or any employee or principal of such partnership or
5 corporation by any person or entity claiming to have been injured as a
6 result of the practice of public accountancy by the defendant accountant
7 or other person or entity.

8 (c) No judgment for money damages may be entered against
9 any accountant, partnership, corporation, employee, or principal in
10 subsection (b) (collectively referred to in this subsection as the
11 "accountant") in an action covered by this Section except in accordance
12 with the provisions of this subsection.

13 (A) The trier of fact shall determine the percentage of
14 responsibility of the plaintiff, of each of the defendants,
15 and of each of the other persons or entities alleged by
16 the parties to have caused or contributed to the harm
17 alleged by the plaintiff. In determining the
18 percentages of responsibility, the trier of fact shall
19 consider both the nature of the conduct of each person
20 and the nature and extent of the causal relationship
21 between that conduct and the damage claimed by the
22 plaintiff.

23 (B) The trier of fact shall next determine the total amount
24 of damage suffered by the plaintiff caused in whole or
25 in part by the plaintiff, the defendants, and other
26 persons alleged to have caused or contributed to the
27 damage.

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- (C) The trier of fact shall then multiply the percentage of responsibility of the accountant (determined under (A)) by the total amount of damages (determined under (B)) and shall enter a judgment or verdict against the accountant in an amount no greater than the product of those two factors.
- (D) In no event shall the damages awarded against or paid by an accountant exceed the amount determined under (C). The accountant shall not be jointly liable on any judgment entered against any other party to the action.
- (E) Except where a contractual relationship permits, no defendant shall have a right to recover from an accountant any portion of the percentage of damages assessed against such other defendant."

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 501 (LS)
Introduced By:

H. D. Dierking *D*

AN ACT TO REPEAL AND REENACT CHAPTER
1 TITLE LVII (C.) OF SUB-SECTION 54004 OF
THE GOVERNMENT CODE OF GUAM.

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BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
Section 1. Chapter 1 Title LVII, Paragraph (C) of Sub-section
54004 of the Government Code of Guam is hereby repealed and
reenacted to read as follows:

- (c) The education requirement for a certificate, which must be met before an applicant is eligible to apply for the examination prescribed in subsection (d), shall be as follows:
 - (1) During the 6 year period immediately following the effective date of this Act, a baccalaureate degree or it's equivalent conferred by a college or university acceptable to the Board, with an accounting concentration or equivalent as determined by Board rule to be appropriate;
 - (2) After the expiration of the 6 year period immediately following the effective date of this Act, at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the board, the total educational program to include an accounting concentration or equivalent as determined by Board rule to be appropriate.



February 16, 1994

Handwritten signature/initials

MEMORANDUM

- Committees:
- CHAIRPERSON:
- Rules
- VICE CHAIRPERSON:
- Ways & Means
- MEMBER:
- Economic-Agricultural Development, and Insurance
- Education
- Electrical Power and Consumer Protection
- Federal and Foreign Affairs
- General Governmental Operations and Micronesia Affairs
- Health, Ecology and Welfare
- Judiciary and Criminal Justice
- Tourism and Transportation
- Youth, Senior Citizens and Cultural Affairs

To: Chairperson, Committee on Ways and Means

From: Chairperson, Committee on Rules

Subject: Request for Public Hearing on Bill 501

I am requesting that a public hearing on Bill 501 "AN ACT TO REPEAL AND REENACT CHAPTER 1 TITLE LVII(C.) OF SUB-SECTION 54004 OF THE GOVERNMENT CODE OF GUAM," which was referred to your Committee on July 8, 1993, be scheduled as soon as possible.

Mr. Todd S. Smith, Vice-Chairperson, of the Territorial Board of Public Accountancy, has requested that additional corrections, substitutions, deletions, and additions to the "Public Accountancy Act of 1990" be incorporated into Bill 501. These amendments will serve as a vehicle to correct any inconsistency or discrepancy in the Public Accountancy Act of 1990. I have attached the request from Mr. Smith for your perusal.

Should you require further information, please call me,

Handwritten signature of Herminia D. Dierking

HERMINIA D. DIERKING

received
2-17-94
CML



*Delivered
to Herminia
on 10/19/93*

TERRITORIAL BOARD OF PUBLIC ACCOUNTANCY

Territory of Guam
P. O. Box P
Agana, Guam 96910

October 12, 1993

Senator Hermenia Dierking
TWENTY-SECOND GUAM LEGISLATURE

Dear Senator Dierking:

On behalf of the Territorial Board of Accountancy and with the concurrence of the Guam Society of CPA's we would like to request the attached corrections, substitutions, deletions, and additions to the "Public Accountancy Act of 1990" (Chapter 1 Title LVII, Government Code of Guam) be considered in one bill, perhaps as an amendment to Bill No. 501 which you have introduced. Any further information, background, explanations or other documentation which you need on these requested amendments will be provided upon request.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Todd S. Smith".

Todd S. Smith
Vice-Chairperson

Amendments and Additions to
Chapter 1 Title LVII, Government Code of Guam
Public Accountancy Act of 1990

\$54002 Paragraph (d) (line 11)

- . Change to define license:

(d) ^{"License"}~~"Licensee"~~ means the ~~holder of~~ a certificate issued under §54004 of this Chapter, or ~~or~~ a permit issued under §54005 or 54006; or in each case a certificate or permit issued under corresponding provisions or prior law.

\$54002 Paragraph (e)

- . New paragraph (e) defining "Licensee":

(e) "Licensee" means a holder of a license as defined in §54002 (d).

\$54002 Paragraph (f)

- . Add the words financial advisory:

(f) "Practice of, or practicing public accountancy" means the performance or the offering to perform by a person or firm holding itself out to the public as a licensee, for a client or potential client, or one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on the financial statements or of one or more kinds of management advisory, financial advisory, or consulting service, or the preparation of tax returns or the furnishing of advice on tax matters.

§54002 Paragraph (h) (line 5)

. Technical correction:

...any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement of implication ^{or} ~~BY~~ special knowledge or competency may arise from use by the issuer of the report of names or titles...

§54002 Paragraphs (e), (f), (g), (h), (i) and (j)

Change to (f), (g), (h), (i), (j) and (k) respectively.

§54003 Paragraph (a) (line 33)

- Substitute the word "certificate" for the word "permit" - a technical correction:

§54003. Guam Board of Accountancy.

(a) There is hereby created the Guam Board of Accountancy, which shall have responsibility for the administration and enforcement of this Chapter. The Board shall consist of five members, appointed by the governor, all of whom shall be residents of Guam and holders of certificates currently valid under §54005 of this Chapter. At least a majority plus one of such members shall be holders of currently valid permits issued under §54005 of this Chapter or corresponding provisions of prior law. The term of each member of the Board shall be four years. Vacancies occurring during a term shall be filled by appointment by the Governor for the unexpired term. Upon the expiration of a member's term of office, such member shall continue to serve until successor shall have been appointed and taken office. Any member of the Board whose ~~PERMIT~~^{certificate} under §54004 of this chapter is revoked shall automatically cease to be a member of the

§54003 Paragraph (h) (5) - (line 16)

- . Substitute the letter "(f)" for the letter "(g)" - a technical correction:

(5) Rules specifying actions and circumstances that shall be deemed to constitute holding oneself out as a licensee in connection with the practice of public accountancy within the meaning of subsection ^(f) ~~(g)~~ of §54002;

§54003 Paragraph (j)

- . Add new paragraph (j) with wording as follows:

(j) The Director of the Department of Revenue and Taxation, or his duly authorized deputy, both of whom are hereinafter referred to as the "Director," shall administer the provisions of this Chapter relating to the actual licensing of accountants, issuing certificates and permits, budgeting matters, and any other administrative support as agreed to by the Board and the Director. The Director shall be an ex-officio, non-voting member of the Board.

§54004 Paragraph (b) - (line 3)

- . Add the following underlined wording - a technical correction:

(b) Good character for purposes of this §54004 means lack of a history of dishonest or felonious acts. The Board may refuse to grant certificate on the grounds of failure to satisfy this requirement only if there is a substantial connection between the lack of good character of the applicant and the professional responsibilities of a licensee and if the finding by the Board of lack of good character is supported by clear and convincing evidence. When an applicant is found to be unqualified for a certificate because of lack of good character, the Board shall furnish the applicant a statement containing the findings of the Board, a complete record of the evidence upon which the determination was based, and a notice of the applicant's right of appeal.

§54004 Paragraph (c)

- Repeal paragraph (c) and substitute the following - already introduced as Bill No. 501:

(c) The education requirement for a certificate, which must be met before an applicant is eligible to apply for the examination prescribed in subsection (d), shall be as follows:

(1) During the 6 year period immediately following the effective date of this Act, a baccalaureate degree or it's equivalent conferred by a college or university acceptable to the Board, with an accounting concentration or equivalent as determined by Board rule to be appropriate;

(2) After the expiration of the 6 year period immediately following the effective date of this Act, at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the board, the total educational program to include an accounting concentration or equivalent as determined by Board rule to be appropriate.

§54004 (d) (lines 22 and 23)

- . Change wording to more accurately reflect contents of CPA exam
- technical correction:

(d) The examination required to be passed as a condition for the granting of a certificate shall include but not be limited to the Uniform Certified Public Accountancy examination of the American Institute of Certified Public Accountants ("AICPA") (or other uniformly adopted examination of every accountancy licensing jurisdiction of the United States), shall be in writing, shall be held twice a year, and shall test the applicant's knowledge of the subjects of accounting ~~taxes, securities, and insurance~~ ^{and} auditing and such other related subjects as the Board may specify by rule. The time for holding such examination shall be fixed by the Board and may be changed from time to time. The board shall...

\$54004 (e) (lines 3, 6, 8, 9, 11, 14, 15, 17, 19, 21 and 23), (f) (line 24), (g) (line 30) and (h) (line 1)

- Change wording to reflect contents of CPA exam and change the words part and parts to section and sections respectively - technical correction:

(e) An applicant shall be required to pass all ~~parts~~ ^{sections} of the examination provided for in subsection (d) in order to qualify for a certificate. If at a given sitting of the examination an applicant passes two or more but not all ~~parts~~ ^{sections} ~~of the examination~~, then such applicant shall be given credit for those ~~parts~~ ^{sections} that such applicant passed and need not sit for reexamination in those ~~parts~~ ^{sections}; provided that --

- (1) The applicant wrote all ~~parts~~ ^{sections} of the examination at that sitting;
- (2) the applicant attained a minimum grade of 50 on each ~~part~~ ^{section} not passed at that sitting;
- (3) The applicant passes the remaining ~~parts~~ ^{sections} of the examination within six consecutive examinations given after the one at which the first ~~parts~~ ^{sections} were passed.
- (4) At each subsequent sitting at which the applicant seeks to pass any additional ~~parts~~ ^{sections}, the applicant writes all ~~parts~~ ^{sections} not yet passed; and
- (5) In order to receive credit for passing additional ~~parts~~ ^{sections} in any such subsequent sitting, the applicant attains a minimum grade of 50 on ~~parts~~ ^{sections} written but not passed on such sitting

(f) An applicant shall be given credit for any and ^{sections} all ~~parts~~ of an examination passed in another state if such credit would have been given, under then applicable requirements, if the applicant had taken the examination in GUAM.

(g) The Board may in particular cases waive or defer any of the requirements of subsections (e) and (f) regarding the circumstances in which the various ^{sections} ~~parts~~ of the examination must be passed, upon a control, such applicant was unable to meet such requirement.

(h) The Board may charge, or provide for a third party administering the examination to charge, each applicant a fee, in an amount prescribed by the Board by, for each ^{section} ~~part~~ of the examination or reexamination taken by the applicant.

§54005 Paragraph (b) - (line 15)

- Substitute words to be consistent with §54005 (f) - technical correction:

(b) Permits shall be initially issued, and renewed, for a period of one year but in any event shall expire on the last day of December of each year and may be renewed annually for a period of one year by certificate holders and registrants in good standing upon payment of an annual renewal fee ~~XXXXXXXXXXXX~~ ^{as established by the Board from time to time by rule} ~~XXXXXXXXXXXX~~ ^{Twenty-Five Dollars (XX\$25.00)}. Applications for such permits shall be made in such form, and in the case of applications for renewal, between such dates, as the Board shall by rule specify, the Board shall grant or deny any such application no later than sixty days after the application is filed in proper form. In any case where the applicant seeks the opportunity to show that issuance or renewal of a permit was mistakenly denied, or where the Board is not able to determine whether it should be granted or denied, the Board may issue to the applicant a provisional permit, which shall expire ninety days after its issuance or when the Board determines whether to issue or renew the permit for which application was made, whichever shall first occur.

§54005 Paragraph (c)(2) - (line 30)

- Change experience requirement from 2 years to one year and delete reference to 30 additional hours:

(c) An applicant for initial issuance of a permit under this §54005 shall show--

- (1) That such applicant holds a valid certificate;
 - (2) During the 6 year period immediately following the effective date of the Act, ^t That such applicant has had two years of experience in the Practice of public accountancy, meeting requirements prescribed by the Board by rule; or, if the applicant's educational qualifications comprise a baccalaureate degree with an accounting concentration or equivalent as determined by the Board by rule to be appropriate under subsection (c) of §54005, and not less than thirty semester hours of additional study, then that such applicant has had one year of experience in such practice;
 - (3) After the expiration of the 6 year period immediately following the effective date of this Act, that such applicant has had one year of experience in the practice of public accountancy, meeting requirements prescribed by the Board by rule.
- ⁴
(~~3~~) If the applicant's certificate was issued more than four years prior to application for issuance of an initial permit under this Section, that such applicant has fulfilled the requirements of

continuing professional education that would have been applicable under subsection (e) of the §54005 if such applicant had secured an initial permit within four years of issuance of certificate and was now applying under subsection (e) for renewal of such permit.

§54006 Paragraph (c) - (line 29)

. **Technical correction - punctuation**

(c) An applicant for initial issuance or renewal of a permit to practice under this §54006 shall be required to show that each partner, officer, or shareholder who regularly works in this Territory, and each employee holding a certificate who regularly works in Guam (except for employees who have not yet accumulated sufficient experience to qualify for a permit under subsection (c)(2) of §54005) holds a valid individual permit to practice issued under §54005 or the corresponding provision of prior law and that each other partner, officer, or shareholder holds a certificate and is licensed to practice public accountancy in some other state.

§54018 Paragraph (b) - (line 6)

- . Typographical error correction:

(b) A licensee shall furnish to ^{each} ~~every~~ client or former client, upon request and reasonable notice--

§54019, 54020 and 54021 - change to §54022, 54023 and 54024 respectively - to renumber add new sections

§54019 - New section

- . To add privity of contract

§54019 Privity of Contract

- (a) This Section applies to all causes of action of the type specified herein filed on or after the effective date.
- (b) This Section governs any action based on negligence brought against any accountant or firm of accountants practicing in the Territory by any person or entity claiming to have been injured as a result of financial statements or other information examined, compiled, reviewed, certified, audited or otherwise reported or opined on by the defendant accountant or in the course of an engagement to provide other public accountancy services.

(c) No action covered by this Section may be brought unless:

- (1) The plaintiff (1) is issuer (or successor of the issuer) of the financial statements or other information examined, compiled, reviewed, certified, audited or otherwise reported or opined on by the defendant and (2) engaged the defendant accountant to examine, compile, review, certify, audit or otherwise report or render an opinion on such financial statements or to provide other public accountancy services; or

- (2) The defendant accountant or firm: (1) was aware at the time the engagement was undertaken that the financial statements or other information were to be made available for use in connection with a specified transaction by the plaintiff who was specifically identified to the defendant accountant, (2) was aware that the plaintiff intended to rely upon such financial statements or other information in connection with the specified transaction, and (3) had

direct contact and communication with the plaintiff and expressed by words or conduct the defendant accountant's understanding of the reliance on such financial statements or other information.

§54020 - New paragraph

. To add statute of limitations:

§54020 Uniform Statute of Limitations

- (a) This Section applies to all causes of action of the type specified herein filed on or after the effective date.

- (b) This Section governs any action based on negligence or breach of contract brought against any accountant, any partnership of such accountants, or any accounting corporation practicing in the Territory by any person or entity claiming to have been injured as a result of financial statements or other information examined, compiled, reviewed, certified, audited or otherwise reported or opined on by the defendant accountant as a result of an engagement to provide public accountancy services.

(c) No action covered by this Section may be brought unless the suit is commenced on or before the earlier of:

- (1) one year from the date the alleged act, omission or neglect is discovered or should have been discovered by the exercise of reasonable diligence;
- (2) three years after completion of the service for which the suit is brought has been performed; or
- (3) three years after the date of the initial issuance of the accountant's report on the financial statements or other information.

§54021 - New paragraph

. To add proportionate liability

§54021 - Proportionate Liability

- (a) This Section applies to all causes of action of the type specified herein filed on or after the effective date.
- (b) This Section governs any claim for money damages brought against any accountant; any partnership of accountants or any accounting corporation

registered, licensed or practicing in this Territory; or any employee or principal of such partnership or corporation by any person or entity claiming to have been injured as a result of the practice of public accountancy by the defendant accountant or other person or entity.

(c) No judgment for money damages may be entered against any accountant, partnership, corporation, employee, or principal in subsection (b) (collectively referred to in this subsection as the "accountant") in an action covered by this Section except in accordance with the provisions of this subsection.

(A) The trier of fact shall determine the percentage of responsibility of the plaintiff, of each of the defendants, and of each of the other persons or entities alleged by the parties to have caused or contributed to the harm alleged by the plaintiff. In determining the percentages of responsibility, the trier of fact shall consider both the nature of the conduct of each person and the nature and extent of the causal relationship between that conduct and the damage claimed by the plaintiff.

- (B) The trier of fact shall next determine the total amount of damage suffered by the plaintiff caused in whole or in part by the plaintiff, the defendants, and other persons alleged to have caused or contributed to the damage.
- (C) The trier of fact shall then multiply the percentage of responsibility of the accountant (determined under (A)) by the total amount of damages (determined under (B)) and shall enter a judgment or verdict against the accountant in an amount no greater than the product of those two factors.
- (D) In no event shall the damages awarded against or paid by an accountant exceed the amount determined under (C). The accountant shall not be jointly liable on any judgment entered against any other party to the action.
- (E) Except where a contractual relationship permits, no defendant shall have a right to recover from an accountant any portion of the percentage of damages assessed against such other defendant.

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 501 (LS)
Introduced By:

H. D. Dierking *HD*

AN ACT TO REPEAL AND REENACT CHAPTER
1 TITLE LVII (C.) OF SUB-SECTION 54004 OF
THE GOVERNMENT CODE OF GUAM.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. Chapter 1 Title LVII, Paragraph (C) of Sub-section
3 54004 of the Government Code of Guam is hereby repealed and
4 reenacted to read as follows:
5

6 (c) The education requirement for a certificate, which must be
7 met before an applicant is eligible to apply for the
8 examination prescribed in subsection (d), shall be as
9 follows:

- 10
11 (1) During the 6 year period immediately following the
12 effective date of this Act, a baccalaureate degree or it's
13 equivalent conferred by a college or university
14 acceptable to the Board, with an accounting
15 concentration or equivalent as determined by
16 Board rule to be appropriate;
17
18 (2) After the expiration of the 6 year period immediately
19 following the effective date of this Act, at least 150
20 semester hours of college education including a
21 baccalaureate or higher degree conferred by a college
22 or university acceptable to the board, the total
23 educational program to include an accounting
24 concentration or equivalent as determined by Board
25 rule to be appropriate.



UNIVERSITY OF GUAM
UNIBETSEDAT GUAHAN

BOARD OF REGENTS

UOG Station, Mangilao, Guam 96923
Telephone: (671) 734-2177 Fax: (671) 734-3118

February 25, 1994

The Honorable
Carl T. C. Guitierrez
Chairman, Committee on Ways and Means
Twenty-second Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Senator Guitierrez:

Thank you for the opportunity to speak on behalf of the University of Guam in support of Bill 501.

Passage of this important bill is imperative if University of Guam graduates are to be eligible to sit for Certified Public Accountant examinations in the States.

Without passage of this legislation, UOG graduates would only be eligible to take the Certified Public Accountant examination on Guam. Also, present Guam Certified Public Accountants operations would in the future be restricted only to Guam and the Micronesian Islands.

Equally important, our local operations might be brought into question in dealing with mainland and international companies.

Sincerely,



J. U. Torres
Chairman

STATEMENT IN FAVOR OF BILL 501:

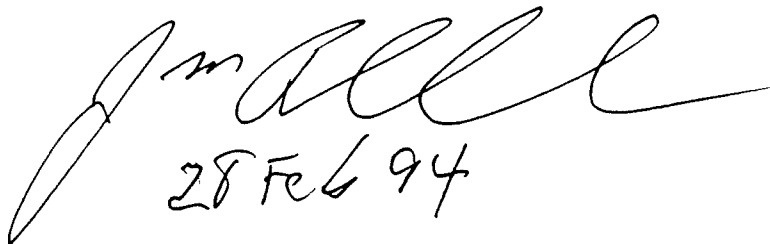
My Name is John M Phillips a domicile of Guam and a voting resident of Santa Rita. I am employed as a faculty member at the University of Guam teaching Accounting. I am a CPA and a member of the three Accounting Associations on Guam, Association of Government Accountants (AGA), Guam Accountant's Association (GAC) and Guam Society of CPA's (GSCPA). I am also a member of the American Institute of CPA's (AICPA), American Accounting Association (AAA), and the Institute of Management Accountant's (IMA), and the UOG Faculty Advisor to the UOG Accounting Club.

The AICPA initiated the 150 credit hour requirement. The change in the law is worded as stated in the AICPA's Model Accountancy Bill. All of the "Big Six" accounting organizations have endorsed the requirement.

The practice of professional accountancy requires the additional college credits in order to provide the future accountants with sufficient knowledge to enter their chosen profession. The promulgation by authoritative bodies of changes/additions to accounting principles is constant.

Thirty plus states have already passed the requirement that by the year 2000, in order to sit for the CPA examination one must have completed 150 hours of college credit with a concentration in accounting. This means that if the University of Guam does not implement a Masters Program in Accounting, UOG graduates will not be eligible to move from Guam as accountants. The potential to pass (or even be eligible to sit for) the CPA exam is doubtful. Currently 1/3 of UOG's accounting graduates leave the island. Of the remaining accounting graduates 30+ percent receive CPA Certificates on Guam.

The petitions in favor of BILL 501 were not circulated at the University till after 5PM Thursday. The Accounting Club had a meeting Thursday night and endorsed the concept by signing the petition. The AGA has endorsed the bill. No one at the GSCPA meetings has expressed opposition. UOG students need to have this bill passed in order to implement a Masters Degree in Accounting. All future professional accountants need the Masters Degree in order to be recognized nationally as a CPA. UOG needs this bill passed in order to justify a Master's in Accounting Degree. It will take two years to implement the Master's Degree. This means that the first graduates could be in 1998 IF Bill 501 is immediately enacted. Any delay's will push the first graduates into 1999 or 2000. Since most students require at least two or three attempts to pass the examination some students could be required to go back to school in order to complete the examination. For the benefit of the students please pass this legislation NOW!!



28 Feb 94

PETITION IN SUPPORT OF BILL 501

We, the undersigned, hereby request that Bill 501, "The 150 hour requirement to sit for the CPA Examination" be enacted into law.

NAME (Sign and Print)	IDENTIFICATION Date of Birth or SS No. or CI No.	MAILING ADDRESS	Date of Signature
1. CHRISTINE YONG <i>Christine Yong</i>	10/26/62 586-02-4403	P.O. Box 23068 Guam (Gu 96921)	2/24/94
2. Walt Roman <i>Walt Roman</i>	10/21/69 285 82 4678	Box 27247 CMF GU 96921	2/24/94
3. Naomi Lujan <i>Naomi Lujan</i>	D.O.B 08/31/70	P.O. Box 4105 Agaña, GU 96910	02/24/94
4. Lida Cabral <i>Lida Cabral</i>			02/24/94
5. Robert P. Amnejo <i>Robert P. Amnejo</i>	07-13-67 586-66-7164	174 Adela Lane Dededo, Guam	02-24-94
6. RAMON MALIMBAN <i>Ramon C. Maliban</i>	586 78 2653	P.O. Box 26614 GMF	2/24/94
7. DONALD S. HONG <i>Donald S. Hong</i>	586-70-9855	PO Box 4402 TAMUNING, GU	2, 24, 94
8. F. M. CANTORIA <i>F. M. Cantoria</i>	575-54-9104	CRPA. UOG Sta. Mangilao GU 96922	2/25/94
9. Mary M. Perez <i>Mary M. Perez</i>	586-68-9024	UOG - CRPA UOG Sta. Mangilao, GU 96923	2/25/94

NAME (sign and Print)	IDENTIFICATION Date of Birth or SS No. or CI No.	MAILING ADDRESS	Date of Signature
10. Ferna G. Duplito Ferna G. Duplito	586-68-8620	P.O. Box 3206 Agana, Gu 96910	2/25/94
11: Gen A. Rojas GEN A. ROJAS	586-70-1140	P.O. Box 2813 Agana, Guam	2/25/94
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PETITION IN SUPPORT OF BILL 501

We, the undersigned, hereby request that Bill 501, "The 150 hour requirement to sit for the CPA Examination" be enacted into law.

NAME (Sign and Print)	IDENTIFICATION Date of Birth or SS No. or CI No.	MAILING ADDRESS	Date of Signature
1. (Signature)	119-268471	751 24331 Cambridge	2-25-94
2. J. M. Phillips (Signature)	2 Oct 28	210 San Severo Santa Rosa	2-25-94
3. Kwangsoo Ko (Signature)	338-20-2438	P.O. Box 5365 Maryland, MD.	2-25-94
4. Bill Van Meter (Signature)	555-68-4686	Box 7767 TAMUNING	2-25-94
5.			
6.			
7.			
8.			
9.			

PETITION IN SUPPORT OF BILL 501

We, the undersigned, hereby request that Bill 501, "The 150 hour requirement to sit for the CPA Examination" be enacted into law.

NAME (Sign and Print)	IDENTIFICATION Date of Birth or SS No. or CI No.	MAILING ADDRESS	Date of Signature
1. <i>Joanne Arce</i> JOANNE H. ARCE	586 78 0345	PO BOX 2459 AGANA, GU 96910	2/24/94
2. <i>Alyssa A. Agnon</i> ALYSSA A. AGNON	586-80-7206	P.O. BOX 10077 SINAJANA, GU 96921	2/24/94
3. <i>Rosalba Galendez</i> ROSALBA GALENDEZ	586-70-9856	PO BOX 26142 GMF, GU 96921	2/24/94
4. <i>Simenette E. Burgos</i> SIMENETTE E. BURGOS	586-78-7815	P.O. BOX 27558 GMF GU 96921	2/24/94
5. <i>Robert J. Canos</i> ROBERT J. CANOS	586-09-4142	P.O. BOX 22026 GMF, GUAIN 96921	2/24/94
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PETITION IN SUPPORT OF BILL 501

We, the undersigned, hereby request that Bill 501, "The 150 hour requirement to sit for the CPA Examination" be enacted into law.

NAME (Sign and Print)	IDENTIFICATION Date of Birth or SS No. or CI No.	MAILING ADDRESS	Date of Signature
1. Ingie Sharma <i>Ingie Sharma</i>	586 740 510	P.O. 130 X 24825 GME, GU 96921	2/24/94
2. FIMI KONDO <i>Fimi Kondo</i>	586-746189	P.O. BOX 3247 Agua	2/24/94
3. <i>[Handwritten Name]</i>	586-74-1069	<i>[Handwritten Address]</i>	Feb 24, 1994
4. <i>[Handwritten Name]</i>	586-74-7000	<i>[Handwritten Address]</i>	2/24/94
5. Karen L. Alfelor <i>Karen L. Alfelor</i>	586-72-3074	205 E. Santa Barbara Ave. Dededo, Guam 96912	2/24/94
6. Jennifer Ann Claros <i>Jennifer Ann Claros</i>	586-86-0824	128 Lily of the Valley Hgts. Dededo, GU 96921	2/24/94
7. HUONG T. QUACH <i>Huong T. Quach</i>	586-74-1670	P.O. BOX 6925 TAM., GU. 96931	02/24/94
8. Michael B C. Sablan <i>Michael B C. Sablan</i>	586-75-6595	STE A #504 257 Mepast Dededo, GU 96912	2/24/94
9. JAMES SHIMIZU <i>James Shimizu</i>	586-72-1843	P.O. BOX 701 AGANA, GU 96910	FEB 24, 1994

NAME (sign and Print)	IDENTIFICATION Date of Birth or SS No. or CI No.	MAILING ADDRESS	Date of Signature
10. <i>Lillian Chaynelay</i> <i>Lillian Chorgustaf</i>	586-05-6171	P.O. Box 2346 Agua, GU 96110	2/25/94
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Deloitte & Touche



810 GCIC Building
414 W. Soledad Avenue
Agana, Guam 96910

Telephone: (671) 477-9041/2
Facsimile: (671) 477-3334

February 28, 1994

Senator Carl Gutierrez
Chairman
Committee on Ways and Means
Twenty-Second Guam Legislature

RE: TESTIMONY IN FAVOR OF BILL NO. 501

Dear Senator Gutierrez:

My name is Todd S. Smith. I am Managing Partner of Deloitte & Touche (Guam and Micronesia). I also serve as Vice-Chairperson of the Guam Board of Accountancy. I am submitting this testimony on Bill No. 501 representing both my firm and the Guam Board of Accountancy.

We are in favor of Bill No. 501. Enactment of the bill will bring the Guam Public Accountancy Law up to date with similar legislation passed in more than twenty accountancy licensing jurisdictions in the United States. It will also establish the 150 hour education requirement for certification in concert with the American Institute of CPA's membership requirement of 150 hours of education after the year 2000.

I apologize for not being able to testify on this matter in person.

If you have any questions, I would be happy to discuss them with you at your convenience.

Very truly yours,

Todd S. Smith
Managing Partner

Deloitte Touche
Tohmatsu
International

3-01-94
A M L

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

JUN 2 '93

Bill No. 501 (LS)
Introduced By:

H. D. Dierking 

AN ACT TO REPEAL AND REENACT CHAPTER
1 TITLE LVII (C.) OF SUB-SECTION 54004 OF
THE GOVERNMENT CODE OF GUAM.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. Chapter 1 Title LVII, Paragraph (C) of Sub-section
3 54004 of the Government Code of Guam is hereby repealed and
4 reenacted to read as follows:
5

6 (c) The education requirement for a certificate, which must be
7 met before an applicant is eligible to apply for the
8 examination prescribed in subsection (d), shall be as
9 follows:

10
11 (1) During the 6 year period immediately following the
12 effective date of this Act, a baccalaureate degree or it's
13 equivalent conferred by a college or university
14 acceptable to the Board, with an accounting
15 concentration or equivalent as determined by
16 Board rule to be appropriate;
17

18 (2) After the expiration of the 6 year period immediately
19 following the effective date of this Act, at least 150
20 semester hours of college education including a
21 baccalaureate or higher degree conferred by a college
22 or university acceptable to the board, the total
23 educational program to include an accounting
24 concentration or equivalent as determined by Board
25 rule to be appropriate.