

1-1 By: Williams S.B. No. 566
1-2 (In the Senate - Filed February 9, 2011; February 17, 2011,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 March 14, 2011, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; March 14, 2011,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 566 By: Watson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the regulation of the practice of public accountancy.
1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-12 SECTION 1. Subsection (b), Section 901.457, Occupations
1-13 Code, is amended to read as follows:
1-14 (b) This section does not prohibit a license holder from
1-15 disclosing information that is required to be disclosed:
1-16 (1) by the professional standards for reporting on the
1-17 examination of a financial statement;
1-18 (2) under a summons or subpoena under the provisions
1-19 of the Internal Revenue Code of 1986 and its subsequent amendments,
1-20 the Securities Act of 1933 (15 U.S.C. Section 77a et seq.) and its
1-21 subsequent amendments, ~~[or]~~ the Securities Exchange Act of 1934 (15
1-22 U.S.C. Section 78a et seq.) and its subsequent amendments, or The
1-23 Securities Act (Article 581-1 et seq., Vernon's Texas Civil
1-24 Statutes);
1-25 (3) ~~[or]~~ under a court order signed by a judge if the
1-26 ~~[summons or]~~ order:
1-27 (A) is addressed to the license holder;
1-28 (B) mentions the client by name; and
1-29 (C) requests specific information concerning the
1-30 client;
1-31 (4) ~~[(3)]~~ in an investigation or proceeding conducted
1-32 by the board;
1-33 (5) ~~[(4)]~~ in an ethical investigation conducted by a
1-34 professional organization of certified public accountants; or
1-35 (6) ~~[(5)]~~ in the course of a peer review under Section
1-36 901.159 or in accordance with the requirements of the Public
1-37 Company Accounting Oversight Board or its successor.
1-38 SECTION 2. Section 901.601, Occupations Code, is amended by
1-39 amending Subsections (a) and (b) and adding Subsection (a-1) to
1-40 read as follows:
1-41 (a) If it appears to the board that a person is engaging in
1-42 an act or practice that constitutes the practice of public
1-43 accountancy without a license under this chapter, the board, after
1-44 notice ~~[and an opportunity for a hearing]~~, may issue a cease and
1-45 desist order prohibiting the person from engaging in that activity.
1-46 (a-1) A person who is issued a cease and desist order under
1-47 this section may request a hearing before the State Office of
1-48 Administrative Hearings. The hearing must be held not later than
1-49 the 10th day after the date the board receives the request for a
1-50 hearing.
1-51 (b) A violation of an order under this section constitutes
1-52 grounds for the board to seek injunctive relief and to impose
1-53 ~~[imposition of]~~ an administrative penalty under Subchapter L.
1-54 Notwithstanding Section 901.552, the amount of an administrative
1-55 penalty for a violation of an order under this section may not
1-56 exceed \$25,000.
1-57 SECTION 3. The following sections of the Occupations Code
1-58 are repealed:
1-59 (1) Subsection (c), Section 901.154; and
1-60 (2) Subsections (d) and (e), Section 901.308.
1-61 SECTION 4. The changes in law made by this Act to Section
1-62 901.308, Occupations Code, apply only to an examination
1-63 administered on or after the effective date of this Act. An

2-1 examination administered before that date is governed by the law in
2-2 effect at the time the examination was administered, and the former
2-3 law is continued in effect for that purpose.

2-4 SECTION 5. This Act takes effect September 1, 2011.

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