



General Assembly

Amendment

January Session, 2003

LCO No. 6483

SB0103506483SD0

Offered by:

SEN. FINCH, 22nd Dist.

SEN. SMITH, 14th Dist.

To: Subst. Senate Bill No. 1035

File No. 632

Cal. No. 412

**"AN ACT CONCERNING WHITE COLLAR CRIME ENFORCEMENT,
THE CONNECTICUT UNIFORM SECURITIES ACT AND
CORPORATE FRAUD ACCOUNTABILITY."**

1 Strike section 37 in its entirety and substitute the following in lieu
2 thereof:

3 "Sec. 37. (NEW) (*Effective October 1, 2003*) No accountant who
4 conducts an audit of a publicly held corporation shall alter, destroy or
5 conceal any documents sent, received or created in connection with
6 such audit and containing conclusions, opinions, analyses, or financial
7 data related to such audit for a period extending from the end of the
8 fiscal period in which the audit was concluded until seven years after
9 the conclusion of the audit."

10 Strike section 38 in its entirety and substitute the following in lieu
11 thereof:

12 "Sec. 38. (NEW) (*Effective October 1, 2003*) (a) Each publicly held

13 corporation organized under the laws of this state or authorized to
14 transact business in this state shall require its chief executive officer
15 and chief financial officer to certify, in accordance with the provisions
16 of 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14a, as applicable and from
17 time to time amended, that the financial statements of the corporation
18 fairly present the financial condition, results of operations and cash
19 flows of the corporation as of, and for, the periods presented in the
20 report.

21 (b) (1) Any chief executive officer or chief financial officer under
22 subsection (a) of this section who certifies a financial statement of the
23 corporation knowing that the certification is untrue shall be fined not
24 more than one million dollars or imprisoned not more than ten years,
25 or both.

26 (2) Any chief executive officer or chief financial officer under
27 subsection (a) of this section who wilfully certifies a financial statement
28 of the corporation knowing that the certification is untrue shall be
29 fined not more than five million dollars or imprisoned not more than
30 twenty years, or both."

31 Strike section 40 in its entirety and substitute the following in lieu
32 thereof:

33 "Sec. 40. (NEW) (*Effective October 1, 2003*) (a) A violation of section
34 35 or sections 37 to 39, inclusive, of this act shall be deemed an unfair
35 or deceptive trade practice under subsection (a) of section 42-110b of
36 the general statutes, provided the provisions of section 42-110g of the
37 general statutes shall not apply to such violation."

38 Strike section 45 in its entirety and substitute the following in lieu
39 thereof:

40 "Sec. 45. Subsection (a) of section 20-281a of the general statutes is
41 repealed and the following is substituted in lieu thereof (*Effective*
42 *October 1, 2003*):

43 (a) After notice and hearing pursuant to section 20-280c, the board
44 may revoke any certificate, license or permit issued under section 20-
45 281c, 20-281d or 20-281e; suspend any such certificate, registration,
46 license or permit or refuse to renew any such certificate, license or
47 permit; reprimand, censure, or limit the scope of practice of any
48 licensee; impose a civil penalty not exceeding [one] fifty thousand
49 dollars upon licensees or others violating provisions of section 20-281g
50 or place any licensee on probation, all with or without terms,
51 conditions and limitations, for any one or more of the following
52 reasons, provided any such discipline imposed by the board solely for
53 reasons listed in subdivision (4) of this subsection shall not exceed in
54 severity the sanctions under said subdivision (4):

55 (1) Fraud or deceit in obtaining a certificate, registration, license or
56 permit;

57 (2) Cancellation, revocation, suspension or refusal to renew
58 authority to engage in the practice of public accountancy in any other
59 state for any cause;

60 (3) Failure, on the part of a holder of a license or permit under
61 section 20-281d or 20-281e, to maintain compliance with the
62 requirements for issuance or renewal of such license or permit or to
63 report changes to the board under subsection (g) of section 20-281d or
64 subsection (f) of section 20-281e;

65 (4) [~~Revocation~~] Discipline by, or revocation or suspension of the
66 right to practice before, any state or federal agency that regulates the
67 practice of public accountancy, or discipline by, or revocation or
68 suspension of such right to practice by, the Public Company
69 Accounting Oversight Board;

70 (5) Dishonesty, fraud or negligence in the practice of public
71 accountancy or in the filing or failure to file his own income tax
72 returns;

73 (6) Violation of any provision of sections 20-279b to 20-281m,

- 74 inclusive, or regulation adopted by the board under said sections;
- 75 (7) Violation of any rule of professional conduct adopted by the
76 board under subdivision (4) of subsection (g) of section 20-280;
- 77 (8) Conviction of a felony, or of any crime an element of which is
78 dishonesty or fraud, under the laws of the United States, of this state,
79 or of any other state if the acts involved would have constituted a
80 crime under the laws of this state, subject to the provisions of section
81 46a-80;
- 82 (9) Performance of any fraudulent act while holding a registration,
83 certificate, license or permit issued under sections 20-279b to 20-281m,
84 inclusive, or prior law;
- 85 (10) Any conduct reflecting adversely upon the licensee's fitness to
86 engage in the practice of public accountancy; and
- 87 (11) Violation by anyone of any provision of section 20-281g."
- 88 In line 1676, strike "seven years" and insert the following in lieu
89 thereof: "the period described in section 37 of this act"