

**EDWARD D. PATERNITI
CERTIFIED PUBLIC ACCOUNTANT**

September 12, 2000

Ms. Martha Willis, Division Director
Florida Board of Accountancy
240 NW 76th Drive, Suite 1
Gainesville, FL 32607

RE: Request for Opinion/Interpretation of Chapter 473, F.S. and 61H1, F.A.C.

Dear Ms. Willis:

Facts:

I am a licensee who accepts a commission in connection with the sale of a product. I hold appropriate licenses. I have clients who fit into one of the following three categories:

1. Accounting and/or tax services only,
2. Financial planning services only (i.e. no accounting or tax services),
or
3. Both services.

Hypothetical Situation:

Mr. And Mrs. Smith have been referred to me for financial planning services only (category number 2). My compensation for these services are limited solely to commissions in connection with the sale of products. The company that I am affiliated with has recommended that the enclosed Accountant's Disclosure Statement be used to notify clients of the compensation arrangements for the services.

Specific Questions:

1. Based on the hypothetical situation above, would the Accountant's Disclosure Statement, signed by the client prior to beginning the engagement, comply with Chapter 473.32.5, F.S. and 61H121.003(3) Commissions or Referral Fees?
2. Assuming that Mr. and Mrs. Smith are accounting and/or tax clients, would the Accountant's comply with Chapter 473.3205, F.S. and 61H1-21.003(3) Commissions or Referral Fees?

Citations:

Chapter 473.3205, F.S, Commissions or Referral Fees, states that "Any certified public accountant or business entity that is engaged in the practice of public accounting and that accepts a commission for the sale of a product or service to a client must disclose that fact to the client in writing in accordance with rules adopted by the board." Furthermore, Rule 61H1-21.003,(2) Commissions or Referral Fees, states that "The CPA must have an engagement letter signed by the client prior to beginning any engagement for which the CPA will receive a commission. The letter must include complete details of the financial arrangements involving compensation for the services rendered."

Conclusions:

Based on the law and rules pertaining to both situations presented above, the accompanying Accountant's Disclosure Statement, signed by the client prior to beginning the engagement, would be in compliance with Chapter 473.3205, F.S. and 61H1-21.003(3) Commissions or Referral Fee.

Thank you for assistance and I look forward to your response.

Sincerely,
Edward D. Paterniti, CPA