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## **PROCEDURES FOR DISCIPLINARY ACTIONS OR REVOCATION OF CURRENTLY REGISTERED CRTPs**

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**Pursuant to California Business and Professions Code Section 22253.4, the California Tax Education Council (the "Board") hereby adopts the following procedures relative to the discipline/revocation of a registration issued pursuant to California Business and Professions Code Sections 22250 et. seq. (hereinafter the "Law"):**

- I. Reasons for disciplinary actions or revocation of a currently registered CRTP. Registration may be revoked or disciplinary actions taken against an existing registrant for reasons reasonably related to protecting the public, including the following:
  - (a) Failing to obtain and maintain a surety bond as required by Business and Professions Code Section 22250.1;
  - (b) Making, or authorizing the making of, any statement or representation, oral or written or recorded by any means, which is intended to induce persons to use the tax preparation service of the tax preparer, which statement or representation is fraudulent, untrue, or misleading;
  - (c) Obtaining the signature of a client to a tax return or authorizing a document which contains blank spaces to be filled in after it has been signed;
  - (d) Failing or refusing to give a client, for his or her own records, a copy of any document requiring the client's signature, within a reasonable time after the client signs the document;
  - (e) Failing to maintain a copy of any tax return prepared for a client for four years from the date of completion or the due date of the return, whichever is later;
  - (f) Engaging in advertising practices which are fraudulent, untrue, or misleading, including, but not limited to, assertions that the bond required by Business and Professions Code Section 22250.1 in any way implies licensure or endorsement of a tax preparer by the State of California;
  - (g) Violating Section 17530.5;
  - (h) Violating Section 7216 of Title 26 of the United States Code;
  - (i) Failing to sign a client's tax return when payment for services rendered has been made;
  - (j) Failing to return, upon the demand by or on behalf of a client, records or other data provided to the tax preparer by the client;
  - (k) Knowingly giving false or misleading information to the client pursuant to Business and Professions Code Section 22252, or give false or misleading information to the surety company pursuant to subdivision (a) of Business and Professions Code Section 22250.1, or give false or misleading information to the California Tax Education Council pursuant to Business and Professions Code Section 22255;
  - (l) Engaging in unprofessional conduct, including, but not limited to, denial of licensure, certificate, permit, or registration, or revocation, suspension, restriction, or any other disciplinary action against an applicant or registrant by the federal government or another state or territory of the United States, by any other government agency, or by another professional licensing board or organization. A certified copy of the decision, order, or judgment shall be conclusive evidence of these actions;
  - (m) Procuring or attempting to procure a registration by fraud, misrepresentation, or mistake;
  - (n) Violating or attempting to violate, directly or indirectly, or assisting in or abetting the violation of, or conspiring to violate, any provision or term of the Law or any rule or bylaw adopted by the Council;
  - (o) Conviction of any felony or misdemeanor that is substantially related to the qualifications, functions, or duties of a registrant, in which event the record of the conviction shall be conclusive evidence of the crime;
  - (p) Impersonating an applicant or acting as a proxy for an applicant in any situation or examination referred to under the Law for the issuance of a registration.



- (q) Impersonating a registrant or permitting or allowing an unregistered person to use a registration;
  - (r) Committing any fraudulent, dishonest, or corrupt act that is substantially related to the qualifications, functions, or duties of a registrant;
  - (s) Except as authorized by the Law, disclosing confidential information concerning a client or a prospective client without the client's or prospective client's written permission;
  - (t) Failing to make the disclosures required by the Law;
  - (u) Failing to comply with the provisions relating to "refund anticipation loans" in the Law;
  - (v) Failing to comply with the educational and continuing education requirements of the Law.
2. Actions relative to current registrants. CTEC may suspend or revoke a registration by any, or a combination, of the following methods:
- (a) Placing the registration on probation, with specific terms and conditions;
  - (b) Suspending the registration and the rights conferred by the law on a registrant for a period not to exceed one year;
  - (c) Revoking the registration;
  - (d) Suspending or staying or revoking the disciplinary order, or portions of it, with or without conditions.
  - (e) Taking any other action CTEC, as authorized by the Law or its rules or procedures, deems proper.
3. Procedures for disciplinary actions or revocation of a registration. If CTEC determines that grounds appear to exist for disciplinary actions or revocation of an existing registrant, the procedures set forth below shall be followed:
- (a) By approving these procedures, CTEC hereby creates a committee ("Professional Standards Committee" hereinafter "committee") responsible for reviewing and making determinations regarding disciplinary actions and revocation of existing registrations. The committee shall be composed of three (3) Board members appointed by the CTEC Chairperson. The committee may be a standing committee with one-year terms for committee members that handle all disciplinary actions and revocations, or the Chairperson may appoint new committee members for each proposed disciplinary action or revocation, at the Chairperson's discretion. The Chairperson shall ensure that the individuals on any committee making determinations do not have a conflict of interest relative to the affected registrant subject to disciplinary actions or revocation.
  - (b) CTEC staff shall send all pertinent documents regarding the case to the committee. If after reviewing the documents, the committee determines by a majority that action should be taken, the registrant shall be provided at least 15 days prior notice of the proposed disciplinary action or proposed revocation and the reasons for the committee's decision. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by express mail, or first class mail, sent to the last known address of the registrant shown on the CTEC database.
  - (c) Once the proposed decision of the committee is reached and conveyed to the registrant, the registrant may oppose that decision. In that instance the CTEC Chairperson will select three different board members (different from the original committee) to sit on a second Professional Standards Committee to review all pertinent documents related to the case. The registrant, at this time, shall be given an opportunity to be heard by this second committee, either orally by telephonic hearing, or in writing, at least five (5) days before the effective date of the proposed disciplinary action or revocation. The telephonic hearing shall be held, or the written statement considered, by the committee, which is authorized to determine, by a majority, whether the revocation of the registration or proposed disciplinary action should occur. The decision of the second committee shall be final.
- Notice of the committee's final decision shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or express mail sent to the last known address of the registrant shown on the CTEC database.



- (d) Any action in superior court challenging a disciplinary action or revocation of a registration, including a claim alleging defective notice, shall be commenced within one year after the effective date of the disciplinary action or revocation. If the action is successful, the court may order any relief, including reinstatement that it finds equitable under the circumstances.
- 4. Hearing Fees and Attorney's Fees. The Council may charge registrants a reasonable fee as a condition of any hearing requested by the registrant under Section 3 above for the purpose of contesting a proposed disciplinary action or proposed revocation. This fee shall not exceed the reasonable cost to the Council of providing the hearing. Upon a favorable judgment for the Council in any proceeding, the Council shall be entitled to recover its reasonable attorney's fees (B&P Section 22253.4(f)).
- 5. Re-Application. A registrant whose registration is revoked pursuant to these procedures shall not be allowed to re-apply for registration until 5 years after the effective date of the registration revocation.

Approved May 23, 2014  
CTEC Board of Directors

**Responsibility: Tax Preparer Committee**