
Ethical Dilemmas: What Should You Do?

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Michigan Certified Public Accountants are subject to the AICPA's Code of Professional Conduct ("Code"). Additionally, those same practitioners, if engaged in a "tax practice" are also governed by the Treasury Department's Circular 230 ("Circular 230"). Both the Code and Circular 230 prescribe the applicable duties and responsibilities of ethical practice and sanctions for violations. While in large part both are consistent, to the extent of any inconsistency, the dictates of Circular 230 prevail with regard to practice before the Internal Revenue Service. Not surprisingly, both sets of regulations address such ethical issues as:

- Conflicts of Interest
- Confidentiality
- False Advertising
- Return of Client Records
- Competency
- Client Fees
- Acting with Due Care

At the upcoming MICPA 2015 Accounting for the Tax Practitioner Conference, we will be conducting a session titled, "Ethical Dilemmas: What Should You Do?" This session should provide a fresh perspective for dealing with ethical issues faced by CPAs every day, since it will be conducted in a roundtable, case study format. Participants will be provided with the facts for several case studies and asked to consider an appropriate resolution of the dilemmas described, utilizing the guidance provided by the Code and Circular 230. The Conference will be held on June 2, 2015 at the Laurel Manor in Livonia, Michigan. Here is one of the case studies that will be considered:

The Case of the Newly Minted Valuation Expert

You are a CPA and a member of the MICPA. You register for and attend a workshop at an MICPA conference titled "Business Valuation Basics." Since your tax, auditing and financial service business has not grown in the last few years,

you decide to expand the services you offer to clients. You know you can purchase business valuation software from your present software vendor. You have an old friend who is a Certified Valuation Analyst (CVA) and Accredited in Business Valuations (ABV) and although he works at a “big four” firm, he has agreed to “eyeball” your business valuation reports and is available from time to time to answer a few questions.

You discuss this idea with your marketing advisor. She suggests that you send your existing clients and referral sources a new brochure which provides in part:

- The firm now offers business valuation services.
- The business valuation services are offered for such purposes as transaction based, tax based and litigation based needs.
- Our experienced, credentialed staff, including CVAs and ABVs, has the knowledge and understanding necessary to meet every client’s business valuation needs.

Is there anything wrong with this arrangement and the brochure?