

By Mr. White of Boston, petition of W. Paul White relative to providing for a private requirement in actions for negligent performance of accounting duties. The Judiciary.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Eight.

AN ACT PROVIDING FOR A PRIVATE REQUIREMENT IN ACTIONS FOR
NEGLIGENT PERFORMANCE OF ACCOUNTING DUTIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Applicability.

2 This chapter applies to all causes of action against certified
3 public accountants for negligent performance of accounting
4 services.

1 SECTION 2. Requirement of Privity.

2 A person may not bring a negligence action against an
3 accountant in any court in the Commonwealth unless:

4 (a) The plaintiff engaged the defendant accountant to perform
5 accounting services; or

6 (b) The defendant accountant knew at the time of the
7 engagement of accounting services:

8 (1) that the client intended to use the accounting services for
9 a specified transaction with the plaintiff, and

10 (2) that the plaintiff intended to rely upon the defendant
11 accountant's services to the client, and

12 (c) The accountant communicated with the plaintiff and
13 expressed by words or conduct and understanding of plaintiff's
14 reliance on the services.

1 SECTION 3. Definitions.

2 In this Act, the following words shall have the following
3 meanings: —

4 (a) "accounting services" as set forth in Section 87A of Chapter
5 112 of Massachusetts General Laws as contained in Section 4 of
6 Chapter 705 of the Acts of 1985.

7 (b) "accountant" means those persons who have been licensed
8 by the Massachusetts Board of Public Accountancy as certified
9 public accountants or public accountants under the provisions of
10 Section 87B of Chapter 112 of the Massachusetts General Laws
11 as set forth in Section 4 of Chapter 705 of the Acts of 1985.