**Section 850.190 Independence**

A qualified practitioner or a firm with which the qualified practitioner is associated shall not express an opinion on the books and records of a participating taxpayer unless the qualified practitioner and the firm are independent with respect to the participating taxpayer. Independence will be considered to be impaired if, for example:

a) During the period of the qualified practitioner's professional engagement, or at the time of expressing an opinion, the qualified practitioner or the associated firm:

1) had or was committed to acquire any direct or material indirect financial interest in the participating taxpayer;

2) had any closely held business investment with the participating taxpayer or any officer, director or principal stockholder thereof which was material in relation to the qualified practitioner’s or firm's net worth, or

3) had any loan to or from the participating taxpayer or any officer, director or principal stockholder thereof. This latter proscription does not apply to the following loans from a participating taxpayer that is a financial institution when made under normal lending procedures, terms and requirements:

A) loans obtained by a qualified practitioner or the firm which are not material in relation to the net worth of such borrower, or

B) home mortgages, or

C) other secured loans, except loans guaranteed by a qualified practitioner's firm which are otherwise unsecured.

b) During the period covered by the books and records, during the period of the professional engagement or at the time of expressing an opinion, the qualified practitioner or the associated firm:

1) was connected with the participating taxpayer as a promoter, underwriter or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee, or

2) was a trustee of any trust or executor or administrator of any estate if such trust or estate had a direct or material indirect financial interest in the participating taxpayer or was a trustee for any pension or profit-sharing trust of the participating taxpayer.

c) The above examples are intended to be illustrative and are not intended to be all-inclusive.