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## Certified public Accountant, 1938

American Institute of Accountants

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# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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JANUARY 1938

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Coöperation with State Societies  
The Legal and Accounting Professions  
A Statement of Accounting Principles  
Committee Appointments  
Officers of State Societies  
Examination Results  
Notes and Observations

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*Officers 1937-1938*

### AMERICAN INSTITUTE OF ACCOUNTANTS

135 CEDAR STREET, NEW YORK CITY

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## Coöperation with State Societies

**A**BOUT a year ago it was announced in this bulletin that the establishment of one national organization would make possible full coöperation between the state and national organizations.

In less than twelve months this possibility has become a reality. A substantial part of the Institute's activity is now carried on in coöperation with the state societies. Correspondence with state societies has increased enormously, much of it on public relations, natural business year, relations with the bar, legislation, education and coöperation with other bodies.

The Advisory Council of State Society Presidents, after three meetings, has now had an opportunity to find its rightful place in the scheme of things. The council promises to be of great value both in presenting recommendations to the Institute's council, reflecting the viewpoint of state societies on matters of policy, and in serving as an instrument for the exchange of information and for mutual assistance among the state societies themselves.

At the request of the Advisory Council, the Institute's office has established a clearing house of information through which bulletins, reports and copies of addresses submitted by state societies, are transmitted to all the others. This service has already been acknowledged by state society presidents as one of the most helpful activities the Institute has undertaken.

Largely with the purpose of bringing the Institute more closely in touch with state societies, Clem W. Collins, president; Maurice E. Peloubet, chairman of the board of examiners; George M. Thompson, member of council, and John L. Carey, secretary, have visited societies in 19 states. The president and the secretary and William C. Heaton and Anson Herrick, vice-presidents, plan extensive trips during the spring and summer. By the end of the fiscal year, officers of the Institute should have had an opportunity to observe conditions at first hand in almost every state in the Union, and to convey to at least some of the members of each state society the present objectives and activities of the national organization.

# Conflicting Activities of the Legal and Accounting Professions

BY JOHN K. MATHIESON

I AM inclined to believe the legal profession considers itself much older and therefore somewhat parental to the accounting profession. As a matter of fact, accountancy is the first profession of which there is any record, dating back to Adam and Eve and the loose-leaf system. Later, in the time of Noah, the Bible speaks of putting two and two together. As a matter of fact, law and lawyers were not needed until long after these times, not until after the politicians had finished creating chaos so that laws and people to interpret them became essential.

Seriously, early in the life of our own country, as is shown in rather complete detail in the talk Mr. Webster gave in New York last month before the fiftieth anniversary meeting of the American Institute of Accountants, accounting and law seemed to have been intertwined. Early records and publications indicate that there was a unit practice consisting of law, agency for property and business and the keeping of necessary records to reflect the result of business operations. Probably the growth in business itself and the development of facility of transportation and communication rapidly increased the interests of our two professions, so that by about 1880 accountancy had assumed its "independence," for we find numerous references as well as cards asserting respective abilities of individuals appearing in the press and other means of publication. The American Association of Accountants, predecessor of our present national organization, was formed by a few practising accountants in 1887. Following this organization, state certified-public-accountant laws were passed first in 1896 in New York and in 1897 in Pennsylvania, to examine men as to their fitness (morally, educationally, and from the standpoint of experience) to be professional expert accountants. Our law in Pennsylvania has hardly changed since this enactment, and it is much to the credit of those who drafted this first law that they were so far-seeing. Today, every state and territory of the United States and its possessions has established accounting practice laws and, in effect, definitely established the certified public accountant in his professional capacity.

So much for background.

The present certified-public-accountant laws in all of the states of this country require educational qualifications, personal and moral responsibility, as well as varying degrees of experience, before permitting the

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NOTE.—This paper was presented for Mr. Mathieson by J. Cyril McGarrigle, of Philadelphia, at a meeting of the Harrisburg chapter of the Pennsylvania Institute of Certified Public Accountants, November 30, 1937.

applicant to take the examination. The laws supporting these qualifications have been adopted by legislatures in whose body, as a rule, the legal profession dominates. In Pennsylvania an applicant for a degree must pass an examination in commercial law; the law questions are prepared and the papers are graded by lawyers who are members of the state board of accountancy. As I said in my opening remarks, it is altogether fitting that Mr. Smith\* be the speaker for the legal side this evening, as he, with his many years of experience on our state board, knows better than most men what the requirements are. He is aware of the character of the accounting members of the board, and through his close contacts he knows of their objectives and can appreciate their sincerity. In his preparation for practice, the certified public accountant has been forced to pass close scrutiny in everything pertaining to his public appearance as an expert.

In this talk this evening, any reference to the legal profession is only with the thought of honoring it—in its place. I do not offer any apologies for some of the statements I may make, but I wish to emphasize, however, that they are my personal views. Water will always find its own level, and the efforts of individuals in either profession to do work they are not qualified for will only result in disaster.

During this past year there have been many conferences between committees of accountants and committees of lawyers concerning the fields of practice open to both. All of these have been informal and not binding on either of the professional associations or the professions at large.

A number of cases of alleged illegal practice of law by accountants have been submitted by individual attorneys or by bar association committees. The great majority of these complaints have been directed against, first, men who were not qualified as certified public accountants and, second, certified public accountants who are not members of state societies or national organizations, and over whom such institutes have no control. The solution may be a revision of state laws by which the so-called public accountant would be licensed and recognized in his field, as well as the certified public accountant, and would be made subject to control. After years of discussion I have not become convinced, however, that such is the case.

It is impossible definitely to circumscribe or define the rights of either profession. There will always be times when, in the opinion of some, there is an overlapping of activities. This will be generally true with respect to taxes and the administration of tax laws, upon which I will comment later. On the other hand, there are a number of practices which definitely belong in the category either of legal or of accounting practice.

Among the points about which I think there is need for little argument are the following.

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\* John McL. Smith, attorney-at-law, secretary of the Pennsylvania Bar Association.

(1) Accountants should not practise law unless they are members of the bar. This would seem to be true even though they may have lawyers on their staff.

(2) The drawing of conveyances, wills, trusts and contracts constitutes the practice of law. In the field of accounting, though, there should properly be reserved the right to interpret these papers or to insist on opinions from the attorney in order to make proper provision for financial obligations.

(3) Accountants should not undertake the work incident to the organization of corporations, preparation of charters, articles of association, by-laws, stock subscriptions or minutes of meetings. I believe, however, the accountant should insist that minutes approving or authorizing financial transactions be so drawn as to be understood by him as a layman and that he is within his rights in questioning from an interpretative standpoint what is meant in the matter so set forth.

(4) It would seem improper for an accountant to split fees with a lawyer in any matter in which joint service is rendered. This is against the rules of ethics of both professions. However, from a practical standpoint, I have seen many instances where it is to the advantage of the client to have the total amount of the expenses for professional services determined in advance, although of course each practitioner renders his own bill.

(5) Advice is quite frequently sought by clients today on business matters that are not necessarily legal or accounting problems. The accountant, with his experience in varied lines of industry, is in his own field in rendering such service. In England chartered accountants serve on the boards of nearly all public corporations, although, of course, the accounting firm of which a director is a member is precluded from serving the company as auditor.

It has been the custom for many years for the law offices to prepare court accountings for many different purposes, although to my knowledge no formal objection has ever been presented by an accountant.

Frankly, most of the present discussion centers about taxes—Federal, state and local.

Tax laws are basically statutory laws. Every citizen subject to these laws is supposed to have sufficient knowledge and ability to prepare the forms necessary and take care of his own interests. There appears to be nothing in any Federal or state law which prescribes the necessity to be represented professionally in a tax dispute. The privilege of representing tax petitioners, except in the courts, is granted on almost equal terms, however, to lawyers and certified public accountants alike.

Looking a little further into this question, we find that the Federal tax laws are administered by the Treasury Department through the Bureau of Internal Revenue. Except for representatives of the general counsel's office, who have been assigned to advise government accountants admin-

istering the law, the law itself is under the supervision and enforcement of accounting officers. In our own state, the department of revenue determines assessments under various tax laws and it seems appropriate that the negotiation of differences of opinion on these assessments should be properly carried on between practising accountants and active accounting officers of the department.

The auditor general of the state, the very name denoting accountant, approves the basis of assessments and in appeals is represented on the so-called Small Board and Big Board. At least half of the board of finance and revenue is composed of accounting members. It is, I think, safe to say that less than 25 per cent. of the cases appealed involve only a question of law.

A study recently made of cases before the Board of Tax Appeals in Washington discloses that 60 per cent. were wholly factual, involving no legal problem whatever; that about 30 per cent. were factual and legal, and that less than 10 per cent. were strictly legal. With regard to the Interstate Commerce Commission and public-utility commissions having authority to set rates, the basis used is largely that of accounting determination. I point this out to show that accounting is an essential part of tax law enforcement.

In taking cases before the Board of Tax Appeals, it has been a consistent practice of our own office always to insist that an attorney be retained. The formality required and the chance of loss of the case through failure to follow some legal technicality of rules of evidence, for instance, make the services of an attorney necessary. On the other hand, the attorney, too, can use the services of an accountant to assist him in getting more facts in a case than are submitted to him by a client's office.

In our own office, in a recent case of liquidation and dissolution of a personal holding corporation, we insisted that the advice of an attorney was essential. It is well we did, because I believe that everything possible to happen to a corporation had occurred in this case over a seven-year period.

We should have learned many lessons in the past two decades about legislation that cannot be enforced. The problems, if any, between the legal profession and the accounting profession can best be ironed out by means of education, not legislation. There have been and will be very few complaints from offices of reputable accountants or reputable attorneys regarding encroachment by one on the rights of the other. The codes of ethics of both are comparable and prohibit much the same actions. Ethics, in any event, means common sense, and where members of either group are not sensible, the penalty will surely follow. In the present trend of events, with the more and more artificial barriers being erected by passage of legislation, our two professions more than ever require coöperation between their respective members so that our mutual source of revenue,



the business client, can be served to its best interests. Present national and local conditions are such that no one profession is in a position to cover the whole professional field.

I urge, therefore, that the responsible practitioners in both professions make every effort to determine the means of adjusting and reconciling such complaints and differences of opinion as may arise.

Let the legal profession realize we are now full-grown and the head of our own household.

## A Tribute from England

Reprinted from *The Incorporated Accountants' Journal*, December, 1937

TO BE caught in the stream of American life, even for a short time, is a delightful experience which few would miss. It is hardly surprising that the returned visitor is tempted to write his impressions, and in this case to express the thoughts of those who were bidden as welcome guests to the fiftieth anniversary celebrations of the American Institute of Accountants, recently held in New York. Their acceptance of the cordial invitation was in the spirit of rejoicing with those who rejoice, and in the desire to renew old and to seek new friendships. Indeed, they were not disappointed. The reception by the president, Colonel Robert Montgomery, by the chairman of the executive committee, Mr. P. W. R. Glover, and by all the members of the Institute, has left a memorable impression of hospitality, goodwill, and kindness.

It was a tremendous task on the part of the executive committee and the secretary, Mr. John L. Carey, to make arrangements for the accommodation and entertainment of over 2,000 members and guests, including some 60 visitors from abroad. They had enlisted the willing coöperation of a ladies' committee, and a number of members of the profession in New York. By delegation and team work, the organization was infused with a happy personal spirit. An individual host and hostess were provided for each of the visitors from abroad. The arrangements were set forth in a small loose-leaf handbook neatly bound in blue leather, but it was hardly possible for visitors to carry out completely the ample programme of meetings and entertainments which the executive committee had organized. Perhaps their more serious inclinations were somewhat diverted by the boundless hospitality afforded them both at official functions and by their generous individual hosts. If the occasion were mainly one of celebration, no one could fail to be conscious of the impression which the accountancy profession has made in the course of half a century upon the public and commercial life of the United States of America. Those fifty years of rapidly increasing population had been characterized by restless progress and by problems which had sometimes demanded drastic solutions.

At the opening session, over which Colonel Robert Montgomery, C.P.A., so genially presided, a message of greeting was read from President Franklin Roosevelt. Mr. P. W. R. Glover, C.P.A., F.S.A.A., chairman of the executive committee, delivered an informative address of welcome which lost nothing in cordiality by its brevity. Mr. Glover traced the history of accountancy in the United States. The American Association of Public Accountants, founded in 1887, changed its name to the American Institute of Accountants in 1916, and finally in 1936 there was merged with it the American Society of Certified Public Accountants. Thus,

subject to the effect of C.P.A. laws in each state, the accountancy profession in the United States is under unified control. In each of the 48 states of the Union there is a law regulating the admission of those who seek the qualification of certified public accountant (C.P.A.). But if the group of C.P.A.'s is more extensive than, although in a substantial measure coincident with, the membership of the American Institute of Accountants, the development of professional standards, the promotion of professional education, and the relations of the accountancy profession with the public are in the hands of the American Institute.

Replies to the address of welcome were given by the heads of delegations. Mr. E. van Dien, F.S.A.A. (Holland) recalled the Congress on Accounting held at St. Louis in 1904, which marked the beginning of that international exchange of ideas among members of the profession, which has become a characteristic of the present generation. The speech of Mr. Roger Carter, F.C.A., a past president of the English Institute, dealt with phases of professional problems in Great Britain and in the United States of America, while the reply of Mr. Walter Holman, F.S.A.A., president of the Society, was of a complimentary and felicitous character.

In his presidential address, Colonel Montgomery adumbrated a philosophy for the accountancy profession, and the address was marked by literary flavor, pungent epigram, and eloquent language. Colonel Montgomery paid a graceful tribute to the leaders of the profession in the United States of America and in Great Britain—to their determination, courage, and independence, in the search for facts, and the statement of the truth. The position of accountants carrying on public practice as we understand it today is based upon their independence and their power to exercise judgment as a personal responsibility. Loss of independence would inevitably be followed by deterioration in the profession.

It is not possible to review the considerable number of topics covered by the presidential address, but that part of the speech relating to the protection of investors calls for consideration. The average investor did not receive much sympathy from Colonel Montgomery. He longs to be protected to a greater degree than is ever practicable; according to Colonel Montgomery, he hopes to buy low and sell high, and seldom reads a balance-sheet or an auditor's certificate. The term "investor" is no doubt elastic, but does it quite correspond with Colonel Montgomery's graphic description? Even the prudent investor may not always peruse published accounts with the care they demand; but responsible experts—stock-brokers, bankers, financial editors and investment advisers—study and analyse these accounts, and place at the disposal of their clients information upon which investors may form a reasoned judgment. Colonel Montgomery said that professional accountants, finding facts and telling the truth about accounts, could never protect the investor as he expected to be protected. Nevertheless that was their duty, and they must carry it

out unflinchingly. The securities act and securities-exchange act, and the operations of the Securities and Exchange Commission, had helped investors considerably. It is not possible in this review to assess the work of the Securities and Exchange Commission, which evidently supplies an American need, but some of its activities have met with a good deal of criticism on the other side as being an undue interference with legitimate business.

There are many burning questions in the United States at the present time. Several of them involve considerations outside the realm of accountancy and it might be unseemly for visitors to comment. The present tax upon undistributed profits of companies is causing much apprehension in business and industrial circles, and is exercising considerably the minds of professional accountants in the United States.

In concluding his address, Colonel Montgomery was unrepentant in his view that the profession should stand still. He feared lest too rapid change in a dynamic society might easily shift the foundation of independence, courage and character, which was the only basis upon which the accountancy profession could flourish and progress.

A number of other papers were contributed. Two of them appeared in our last issue and a full report of the whole proceedings will be published in due course by the American Institute. An interesting item was the visit to the school of business at Columbia University with which Professor Roy B. Kester is associated. The methods in the department of accounting were worthy of a closer study than time permitted. The auditing laboratory for more junior students is a useful and practical experiment which it is understood has also been introduced in Edinburgh University. Encouragement is given to students to carry on research work in regard to questions connected with the accountancy profession. Some of these efforts, whether at Columbia University, the Harvard School of Business Administration, or elsewhere, receive the coöperation of and some financial support from industrial and business groups. It seems that such individual or group research is mainly conducted at the universities. As regards activities on the part of the American Institute of Accountants, which might be classed as research, these are mainly directed to ad hoc problems affecting the whole profession, such, for example, as the problem of nomenclature now under consideration.

The banquet with which the proceedings concluded, when Mr. Clem Collins, C.P.A. (Colorado), the newly-elected president, took the chair, was an enjoyable and festive occasion, and about 1,600 people participated. Formal toasts were few, and Mr. H. L. H. Hill, F.C.A., in a charming speech, expressed to the hosts the appreciation of all the visitors from other countries of the hospitality they had received and the happiness they had experienced during a memorable visit to New York.

The organization of the accountancy profession in each country must be

viewed on its merits in relation to the law, business customs and outlook of the nation which it attempts to serve. Accountancy may be a comparatively young profession, but in each country its background has been influenced by historical and economic circumstances. Distances and the wide distribution of its members place upon the American Institute of Accountants a special problem of organization. The American Institute has maintained a high professional standard, and has won for itself the loyalty of men who carry on practice separated by long distances. The presence of members from distant parts of the United States at the recent celebrations in New York was eloquent testimony to this commendable aspect of the Institute's life.

A reference should be made to the publication work under the ægis of the American Institute. Some of the handbooks published have special interest; the *Accountants' Index* is a monumental work, embodying much patient labor, and our own contemporary, *The Journal of Accountancy*, is read with interest in this country, particularly by those who have had contacts with the profession in the United States of America.

Opportunity was afforded to visitors to inspect some of the magnificent highways which lead out of New York City, and the more recent examples of American organization and architecture—the Rockefeller Centre and the Empire State building. In more private ways, several of the visitors learned something, if only a little, of business and industrial organization in the Eastern states, in regard to which information was readily afforded and facilities for first-hand inspection were willingly given.

Those who have been the privileged guests of the American Institute of Accountants left the United States with a new range of experience, a larger measure of understanding and regard, and the consciousness of a debt of gratitude.

# The Natural Business Year

BY RALPH S. JOHNS

**T**HERE may be a few present who are not acquainted with the plan under which we are conducting the present natural business year program. Just to refresh our minds a little bit, for the past two years the national program has been centered around the Natural Business Year Council. As you know, the Natural Business Year Council is composed of representatives not only of the American Institute of Accountants, but of the National Association of Cost Accountants, the National Association of Credit Men, the Robert Morris Associates, several trade associations and business groups generally.

Most of the work is done by the staff of the Institute, at 135 Cedar street. We have subcommittees throughout the country, about thirty-five at the present time, made up of representatives of the local chapters of the organizations represented on the Council. The research program at the present time is being carried on by Dun and Bradstreet, Inc., and not by our Institute staff.

One of the problems with which we have been confronted, with which we have had very little success, is that of reaching the new corporations. If there are any suggestions from other states as to how to handle some of the problems which we mention at this time, please do not hesitate to bring them up later. Recently Mr. Frank A. Gale, of the Institute staff, went to Albany, New York, and made arrangements to get the names of the new corporations. I believe in New York State there are possibly 20,000 corporations formed annually; in New Jersey there are approximately 5,000 formed each year. It is, of course, vitally important to get information on the natural business year into the hands of incorporators of new companies.

In New York state, for the past few weeks, we have been sending form letters to the corporations registered at Albany. The experiment (for it is only an experiment at the present stage) has not been conducted for a long enough period to draw any definite conclusions. I believe that to date we have very little information which would give us great encouragement, but I do think that it is worthy of a try in other states, particularly in such states as Massachusetts, where the political center is the same community as the accounting center. It seems as though we should be able to make greater progress in this direction.

Our success has been somewhat limited also in getting the attention of the bar associations. One method which we are trying in New Jersey is to

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NOTE.—These remarks by Mr. Ralph S. Johns were presented at a meeting of the Advisory Council of State Society Presidents, held October 18, 1937, in conjunction with the fiftieth anniversary celebration of the American Institute of Accountants at the Waldorf-Astoria, October 18-22, 1937.

send a letter to the membership of the bar association. While they naturally have less interest than accountants, they are in a position to help us immeasurably. If they did no more than bring the matter of the natural business year to the attention of their clients, whether a corporation in process of formation, a corporation which is in reorganization, or one which has been functioning for a number of years, it would be very helpful to our cause.

With bankers we have had more success, but of course the bankers, like ourselves, have more interest in the subject. We have found innumerable instances where bankers have done much to help the natural business year cause. An interesting incident, with which many of you may be familiar, took place in Florida—a bank placed an advertisement in a newspaper describing the natural business year principle and advocating its adoption. Such a procedure, if adopted by other banks throughout the country, certainly would be most helpful in educating the business public to this cause. One bank in New Jersey distributed about 3,000 of our pamphlets and has in other ways manifested great interest in the natural business year principle.

There is another way in which we can make use of news value. We have been advised that when a national corporation—a listed corporation with a national reputation—adopts a fiscal year other than December 31st, if at the time the first annual report comes out mention could be made to the local financial editors and information made public simultaneously with the release of that report to the stockholders, we would be in a position to get a greater amount of publicity than under other circumstances. The same principle could be adopted for local communities. There may be corporations changing their fiscal years, which do not have a national reputation, but do have a local reputation. If our local committees could arrange to have that information released to the newspapers simultaneously with the first report which is released on that new fiscal-year basis, the natural business year would receive worthwhile publicity.

We have been successful in the reception which has been given our literature by the schools. It may seem to be a waste of time to go to the schools and talk to the students on natural business year but, since our program is one of education, it seems that the school would be the logical starting point. We find the accounting students and members of the faculty very much interested in the natural business year discussions. We suggest that the law students also be approached, for it is possibly only in the schools that we can create in future members of the bar an interest in the natural business year.

I think you are all familiar with the literature which has been distributed by the Natural Business Year Council. We have printed four pamphlets, which are still useful. We have a supply on hand for the coming year, so if any of you need these pamphlets to assist you in your natural

business year programs, the Natural Business Year Council at the Institute's offices will be glad to supply the material without charge.

Dean Madden recommended that each state society appoint a committee to cooperate with the bar association. Mr. Gale recommended that each state society appoint a committee on public relations. Our committee recommends that each state society appoint a committee on natural business year, for it is surprising to note that there are only fifteen state societies, according to our records, which have a committee on natural business year. Very likely the activity is being taken care of by other committees, but it is interesting to note that some of the most industrialized states, largely-populated states, are among those which are not in this group of fifteen. So we recommend that you appoint a committee on natural business year, if for no other reason than to follow Mr. Conlin's policy in New Jersey of giving all the members in your society a chance to show what they can do.

The more committees you have, the more members you can get to work with your society. An interesting thought was presented to us; namely, that among several corporations with national reputations, the senior officers were reluctant to consider a change from December 31st to a fiscal year other than the calendar year, but the junior officers were very much in favor of it. This is an indication that it is only a matter of time before those corporations will change their fiscal years. In fact, the most prominent corporation which has changed within the last two years, we were informed, changed partially on that account. An elderly controller died, and the younger man who took his place was in favor of a change in the fiscal year.

It was also interesting to note that according to figures received from the Treasury Department during the fiscal year ended June 30, 1936, there were 3,000 changes from the calendar year to a fiscal year other than December 31st. During the fiscal year ended June 30, 1937, according to figures received from the same source, there were 3,300 changes from the calendar year to a fiscal year other than December 31st. This is an increase of ten per cent., which may or may not indicate the fruits of our natural business year program.

Our own committee is of the opinion that whenever attention is directed to a decision of some regulatory body, or to some state law which would work a hardship on a fiscal year corporation, something should be done, so that, at the time when new regulations are issued or laws amended, the point may be brought to the attention of the legislators.

At the inception of our program, we didn't want to mention state laws as being discriminatory against fiscal year corporations, but now that our program has entered its third year and no longer has the handicap of newness, it seems that we might start definite action toward correcting discriminatory state laws. A few states have done so already.



Here are just a few points to keep in mind to avoid misunderstanding. We have found that some people are of the opinion that this matter of a natural business year applies only to manufacturing corporations with inventories. Of course we know that is not so. It applies to all commercial corporations, not only those that are manufacturers. Office buildings generally have leases which expire either on May 31st or September 30th, and that would be the logical time to close their books. There are innumerable instances among other corporations which do not involve in any respect the matter of inventories.

We have found that there are a number of people who believe the natural business year applies only to profit-making corporations. Such is not the case; it applies equally to the non-profit-making organizations. Also, strange as it may seem, there are some who confuse the thirteen-month calendar with the principle of natural business year. While corporations may be considering both matters at the same time, we know that the thirteen-month calendar is something entirely different from the natural business year.

I mention these things because it is well, in conducting your program among business men, to bear in mind the prevalent misconception of the natural business year principle. In our program, we have an unusual opportunity to convince corporations to make a change, in that we have a surtax on undistributed profits. Certainly now more than ever before it is distinctly advantageous to have the profits for the year realized in cash to the fullest extent possible, and we suggest that you mention this to your committeemen and those with whom you may discuss the subject.

There are some accountants who have indicated that this matter of a natural business year is something nice to talk about but has no practical value. We who have been on a committee for the last year or so are not of that opinion. We think there are plenty of indications that something of practical value can be done.

We have also heard it expressed by representatives of large firms that the natural business year is something only for the small firms. On the other hand, we have heard it said by representatives of small firms that it is something only for the large firms. As a matter of fact, it is of value to all of us. We have evidence in our files to indicate that there are national corporations, listed on the big exchanges, with many subsidiaries, that have changed from a calendar year to a fiscal year. There are also many small and medium-sized corporations that have made changes.

If I may be pardoned for referring to some of the activities within our own organization, we have in the last few years reduced the number of clients having a calendar-year closing from between 70 and 75 per cent. to approximately 45 per cent. at the present time. We, of course, can approach only the clients of our own office, and we have considerable participating work for other offices which comes up very largely at December

31st. For that reason, the subject was brought up at the annual meeting of the members of the firm, and the partners were reminded that the only way we could change that other portion of our practice was for them to get their clients away from a December 31st to a fiscal-year closing.

At the inception of the present natural business year program, it was thought that accountants might well stay in the background and let this matter be presented by third parties. I think that was a good procedure at that time, but now that we are so well advanced into the program we are eager to get something accomplished, and it seems to us there is no one better qualified to discuss the natural business year principle with a client than the accountant. Therefore, we recommend that you do so not only among your own committeemen, but as individuals as well. In our own organization, the first thing we do when we get a new client is to look in Moody's and see what the others are doing in that particular industry, and to learn their fiscal-year closing. Then we get in touch with the American Institute to see what information they may have. We do everything we can to get the information necessary to convince that client to close at some other time of year, if it is at all appropriate.

We also make the recommendation definite in the report. We say definitely in certain instances that we recommend consideration of a fiscal year other than December 31st; in many instances we recommend a specific date. In that connection, I would like to leave one thought with you: While it is fine to have recommended closing dates for various industries (that is an excellent way to bring attention to the subject), when it comes to a specific instance it is well to consider the history of that particular enterprise. It may for many reasons differ from the industry as a whole; therefore, it is only by a study of the experience of that particular enterprise that a true conclusion can be reached as to what ought to be done with respect to natural business year.

# American Institute of Accountants

## A Statement of Accounting Principles

A booklet entitled *A Statement of Accounting Principles*, prepared for the Haskins & Sells Foundation by a committee consisting of Thomas Henry Sanders, of the Harvard University Graduate School of Business Administration, Henry Rand Hatfield, of the University of California, and Underhill Moore, of the Yale University School of Law, has just been published by the Institute. Copies are now being distributed without charge to each member and associate of the Institute and to a large number of other interested persons.

The foreword to the volume explains its publication as follows:

"The executive committee of the American Institute of Accountants believes the report contained in this booklet to be a highly valuable contribution to the discussion of accounting principles and has, therefore, authorized its publication for distribution to all members of the Institute and others interested in accounting.

"The standing of the three authors who collaborated in the work will assure a wide and respectful hearing.

"The profession is indebted to the Haskins & Sells Foundation for the permission granted the Institute to publish and distribute the report."

Additional copies of *A Statement of Accounting Principles* may be obtained from the Institute at 75 cents a copy, with the allowance of a 10 per cent. discount on orders of 10 or more.

## Secretary Meets with State Societies

As announced in the December issue of the **CERTIFIED PUBLIC ACCOUNTANT**, the secretary of the Institute met with accountants in North Carolina, South Carolina, Virginia and the District of Columbia in December.

### SOUTH CAROLINA

The annual meeting of the South Carolina Association of Certified Public Accountants at Columbia, December 10th, at which the secretary was a guest speaker, is described in detail elsewhere in this bulletin.

### NORTH CAROLINA

On December 9th he was speaker at an evening meeting of the North Carolina Association of Certified Public Accountants at Raleigh. A. J. Maxwell, state commissioner of revenue, was also on the program and he discussed the new state intangible tax. About forty-five persons were present. Ralph L. Steele presided.

At noon the secretary of the Institute lunched informally with a group of Raleigh accountants. He suggested the formation of local chapters of the North Carolina Association in order that the practitioners might meet together more frequently. The membership is divided among a number of cities and it is difficult for the association as a whole to meet often.

A similar suggestion that local chapters be formed was put forward at

luncheon meetings at Charlotte on December 13th and at Greensboro on December 14th. At Charlotte fifty persons were present and E. B. Taylor, vice-president of the North Carolina Association, presided.

Thomas W. Alexander, Jr., of the state tax commission, spoke on the intangible tax after an address by the secretary of the Institute in which the plans and purposes of the national organization were described and methods by which the state and national bodies could cooperate were outlined.

At Greensboro the same subjects were discussed more informally among about a dozen certified public accountants who were present. George E. Perrin, of the state board of accountancy, presided.

#### VIRGINIA

The Richmond chapter of the Virginia Society of Public Accountants was host to the Institute's secretary at a dinner meeting at the John Marshall hotel, December 15th. The chairman of the chapter, William A. Pennell, presided and T. Coleman Andrews introduced the visitor.

Following his remarks there was extended discussion on the subject of public relations, cooperation with other bodies, natural business year and other topics of professional interest. New officers of the chapter were elected as follows: President, Guy M. Scott; vice-president, A. W. Burket; and secretary-treasurer, F. L. Worcester.

#### DISTRICT OF COLUMBIA

On Thursday evening, December 16th, the secretary was the guest of the District of Columbia Institute of Certified Public Accountants at the Hay-Adams House, Washington. The members present expressed great interest in the plans of the national organization as outlined by the secretary and the ques-

tions of public relations and natural business year brought the most comment, although relations with bankers and cooperation with accountancy instructors and students were also topics of discussion.

A resolution complementary to a resolution adopted by the local bankers association was adopted by the District of Columbia Institute, the text of which will be published in a subsequent bulletin.

#### JANUARY TRIP

As this bulletin went to press the secretary was scheduled to speak at a meeting of the Pittsburgh chapter of the Pennsylvania Institute of Certified Public Accountants on the evening of January 6th, and in the following week had arranged to meet with certified public accountants in Charleston and Huntington, W. Va.; Cincinnati, Ohio; Louisville, Ky.; and Indianapolis, Ind.

#### Prize Winners

As announced at the fiftieth anniversary celebration of the Institute, Gilbert R. Byrne, of New York, has been awarded a prize of \$500 as winner of the contest for the best essay on the subject: "To what extent can the practice of accounting be reduced to rules and standards?" Honorable mention in that contest was given to William D. Cranstoun, of New York, and Howard C. Greer, of Chicago.

Prizes in the contest for the best essay on the subject of "Staff training" have been awarded as follows:

First prize (\$50)—Edmund J. Conway, of New York.

Second prize (\$25)—R. D. Gracey, of New York.

Third prize (\$15)—Vincent M. Kelly, of Tulsa.

Fourth prize (\$10)—Dan Sanders, of Chicago.

### American Accounting Association

The annual meeting of the American Accounting Association (formerly the American Association of University Instructors in Accounting) was held at Atlantic City, December 27-29, 1937, in accordance with the program published in the December issue of this bulletin.

The following officers were elected: President, E. A. Heilman, University of Minnesota; vice-presidents, Sidney G. Winter, University of Iowa; F. W. Woodbridge, University of Southern California; and W. A. Hosmer, Harvard Graduate School of Business Administration; Secretary-treasurer, Henry T. Chamberlain, Loyola University; Director of Research, William A. Paton, University of California; Editor, Eric L. Kohler. Other members of the executive committee, by virtue of their position as past presidents, are Jacob B. Taylor, Ohio State University, and Howard S. Noble, Los Angeles, Calif.

#### COMMISSIONER HEALY'S ADDRESS

Robert E. Healy, commissioner of the Securities and Exchange Commission, made the opening address of the convention, entitled "The next step in accounting." Comment upon his address will appear in the February issue of *The Journal of Accountancy*.

A. A. Berle, Jr., of New York, then discussed the matters about which Commissioner Healy had spoken.

#### ACCOUNTANCY EDUCATION

On the morning of December 28th, following addresses by Raymond de Roover and Jeremiah Lockwood, the chairman of the Association's committee on education presented a suggested program of education for the accountant. In a purely tentative way, the committee put forward a recommended program of study for a college student

preparing for a career in accounting. Two alternate programs, one emphasizing liberal arts and the other emphasizing accountancy courses, were submitted as variants from the first proposal. Following is the recommended program, which, it was announced, was believed to harmonize with the recommendations of the American Institute of Accountants' committee on education:

#### RECOMMENDED PROGRAM

(Average concentration in business and accounting)

	<i>Semester Hours</i>	
Liberal Arts subjects . . . . .		60
Business subjects . . . . .	21	
Accounting . . . . .	39	60
		120

For the recommended program the total work for four years is so divided that half will be in general education and half in special education.

A further subdivision of the program shows the following details:

	<i>Semester Hours</i>	
<i>Liberal Arts Subjects:</i>		
English composition and literature, foreign languages, physical sciences, mathematics, social sciences (except economics) . . . . .	48	
<i>Social Economics:</i>		
Economic principles . . . . .	6	
Money, Credit and banking . . . . .	3	
Public finance . . . . .	3	12
		60

#### *Business, Subjects in:*

Principles of Administration		
Financial management . . . . .	3	
Production management . . . . .	3	
Marketing management . . . . .	3	
<i>Analytical Training</i>		
Investment analysis . . . . .	3	
Business statistics . . . . .	3	
<i>Business Law</i>		
Principles of business law . . . . .	6	21

<i>Accounting Subjects:</i>	
Elementary . . . . .	6
Intermediate . . . . .	6
Costs . . . . .	6
Statement analysis . . . . .	3
Managerial accounting . . . . .	3
Auditing . . . . .	5
Accounting systems . . . . .	3
Tax accounting . . . . .	3
C.P.A. problems . . . . .	4
	39
Total . . . . .	120

In his address as president of the Association on Tuesday evening, December 28th, Jacob B. Taylor strongly recommended coöperation between the American Accounting Association and the American Institute of Accountants in the development of educational standards, and pointed out how important it would be both to the practitioner and the teacher if the Institute should develop means of rating collegiate courses in accountancy.

On the afternoon of the same day there was discussion of educational requirements for public accountants by Norman E. Webster, chairman, New York State Board of Certified Public Accountant Examiners, and E. A. Heilman, of the University of Minnesota.

#### ACCOUNTING PRINCIPLES

The principal feature of the program on Wednesday morning, December 29th, was the presentation of papers by Henry Rand Hatfield, of the University of California, and Victor H. Stempf, of New York, criticizing the tentative statement of accounting principles published by the American Accounting Association over a year ago. Professor Hatfield centered his attention on form and method of presentation of the statement, pointing out a number of inconsistencies and ambiguities. Mr. Stempf voiced objec-

tions to portions of the statement and questioned the applicability of the term "principle" to much of it.

The addresses were followed by discussion.

In the afternoon of the same day Eric L. Kohler, editor of *The Accounting Review*, presented a tentative statement of accounting principles underlying consolidated reports, a pronouncement of the executive committee of the American Accounting Association.

John L. Carey, secretary of the American Institute of Accountants, at a dinner meeting on the evening of December 28th, announced that the Institute had undertaken the publication of a statement of accounting principles by Thomas H. Sanders, Henry Rand Hatfield and Underhill Moore under the auspices of the Haskins & Sells Foundation. (Further details are given elsewhere in this bulletin). John R. Wildman, on behalf of the Haskins & Sells Foundation, read a statement outlining the purposes and background of the statement of accounting principles by the three educators.

In an afternoon session, December 28th, W. A. Hosmer, of Harvard University, presented a paper on the effect of direct charges to surplus on the measurement of income.

#### RELATIONS BETWEEN PRACTITIONERS AND STUDENTS

In the course of his remarks at the dinner meeting, the secretary of the American Institute of Accountants said that the Institute's executive committee had been giving consideration to the possibility of bringing about closer relations between the students of accountancy and the national professional organization. He stated that the committee had authorized him to seek suggestions from university instructors in accountancy as to ways and means

in which the Institute could be of service to the students and heighten their sense of identity with the profession which they would follow after graduation.

### Committee Appointments

The president has appointed the following committees to serve for the fiscal year 1937-1938, in addition to those announced in the December issue. Other appointments will be announced in the February issue.

#### COMMITTEE ON ACCOUNTING PROCEDURE

George O. May, *chairman*, New York  
Samuel J. Broad, New York

(*Chairman*, special committee on technical information)

Arthur H. Carter, New York

(*Chairman*, special committee on cooperation with investment bankers)

A. S. Fedde, New York

(*Chairman*, special committee on cooperation with bankers)

Henry A. Horne, New York

(*Chairman*, special committee on public-utility accounting)

Frederick H. Hurdman, New York

(*Chairman*, special committee on cooperation with stock exchanges)

Roy B. Kester, New York

(*Chairman*, committee on education)

Rodney F. Starkey, New York

(*Chairman*, special committee on cooperation with Securities and Exchange Commission)

#### COMMITTEE ON ARBITRATION

J. Bryan Stephenson, *chairman*, New Mexico

Gilbert F. Dukes, Alabama

Caddie H. Kinard, Arkansas

Harry J. Mack, Delaware

Roscoe L. Thomas, Montana

#### COMMITTEE ON BUDGET AND FINANCE

Paul K. Knight, *chairman*, New York

P. W. R. Glover, New York  
William C. Heaton, New York

#### COMMITTEE ON CREDENTIALS

Berl G. Graham, *chairman*, Ohio

Elmer J. Bauer, Ohio

Chris Ernst Reinhardt, Ohio

#### COMMITTEE ON EDUCATION

*For Three Years:*

Roy B. Kester, *chairman*, New York

*For Two Years:*

George E. Bennett, New York

Paul K. Knight, New York

*For One Year:*

Homer S. Pace, New York

Jacob B. Taylor, Ohio

#### COMMITTEE ON MEETINGS

Abner J. Starr, *chairman*, Ohio

J. D. Cloud, Ohio

John D. Cherrington, Ohio

Richard C. Kennedy, Ohio

Ernest A. Roden, Ohio

#### COMMITTEE ON TERMINOLOGY

Henry B. Fernald, *chairman*, New York

William D. Cranstoun, New York

James L. Dohr, New York

Walter Mucklow, Florida

Charles F. Rittenhouse, Massachusetts

#### SPECIAL COMMITTEE ON BANKRUPTCY

Theophilus Schuyler, *chairman*, New York

T. Coleman Andrews, Virginia

Charles S. J. Banks, Illinois

Wm. Gordon Buchanan, District of Columbia

Harry M. Jay, Tennessee

Prior Sinclair, New York

Kenneth White, Kentucky

#### SPECIAL COMMITTEE ON COÖPERATION WITH BANKERS

A. S. Fedde, *chairman*, New York

J. N. Aitken, Jr., Pennsylvania

Harold R. Caffyn, New York

Procter H. Kerr, Missouri

Harry B. Mills, California

Rodney D. White, Washington

Charles R. Whitworth, Illinois

**SPECIAL COMMITTEE ON COÖPERATION  
WITH INVESTMENT BANKERS**

Arthur H. Carter, *chairman*, New York  
Peter S. Barton, Illinois  
C. P. Carruthers, California  
Samuel D. Leidesdorf, New York  
Edwin H. Wagner, Missouri

**SPECIAL COMMITTEE ON COÖPERATION  
WITH TRADE ASSOCIATIONS**

J. Arthur Marvin, *chairman*, New York  
Albert G. Aschenbeck, Minnesota  
Parry Barnes, Missouri  
Wm. Gordon Buchanan, District of Columbia  
William J. Carter, Georgia  
Carl E. Dietze, Wisconsin  
Samuel W. Eskew, Kentucky  
Julius E. Flink, New Jersey  
Dick D. Quin, Mississippi  
Frank G. Rodgers, Texas  
John C. Thomson, California

**SPECIAL COMMITTEE ON FEDERAL LEGISLATION**

Paul W. Pinkerton, *chairman*, Pennsylvania  
C. Vaughan Darby, District of Columbia  
Joseph J. Klein, New York  
James Munro, Idaho  
J. Carl Parry, Jr., Pennsylvania  
Herman C. J. Peisch, Minnesota  
Carl Penner, Wisconsin

**SPECIAL COMMITTEE ON GOVERNMENTAL ACCOUNTING**

George P. Ellis, *chairman*, Illinois  
T. Coleman Andrews, Virginia  
Raymond J. Hannon, New York  
G. Charles Hurdman, New York  
Eric L. Kohler, Illinois  
Lloyd Morey, Illinois  
George R. Poole, North Carolina  
William E. Taylor, District of Columbia  
William H. Welcker, Pennsylvania

**SPECIAL COMMITTEE ON NATURAL BUSINESS YEAR**

Ralph S. Johns, *chairman*, New Jersey

Charles B. Couchman, New York  
William R. Donaldson, New York  
O. C. Herdrich, Indiana  
Henry J. Miller, Louisiana  
George E. Perrin, North Carolina  
Francis E. Ross, Michigan

**SPECIAL COMMITTEE ON SAVINGS AND  
LOAN ACCOUNTS**

Frank S. Glendening, *chairman*, Pennsylvania  
Leo P. Gallagher, Illinois  
Morris J. Hoenig, New Jersey  
Elton C. Loucks, Nebraska  
A. P. McCarroll, New York  
I. B. McGladrey, Iowa  
Ralph B. Mayo, Colorado

**SPECIAL COMMITTEE ON SOCIAL SECURITY ACT**

Harold C. Anderson, *chairman*, District of Columbia  
Joseph K. Brelsford, Kansas  
R. W. E. Cole, California  
J. Chester Crandell, Massachusetts  
Hugh T. Cuthbert, Arizona  
David L. Milne, New York  
Merrill C. Patten, South Carolina

**SPECIAL COMMITTEE ON STOCK BROKERAGE ACCOUNTING**

Frederick W. Wulfig, *chairman*, New York  
George A. Bangle, California  
John Dassau, New York  
J. M. Neumayer, Missouri  
Walter H. Rohe, Illinois

**Year-book**

It is expected that soon after this bulletin goes to press, the 1937 *Year-book* of the Institute will be published and promptly distributed to the membership. As in past years, the volume will contain proceedings of the annual meetings of the Institute and its affiliated organizations and of the several meetings of council held during the year 1936-1937. There will also be alphabetical and geographical lists of the membership and other material.



### Acknowledgment

The library of the Institute recently received from Professor Kenneth Brewer, of Rutgers University, the gift of an accounting text published in 1845, entitled *Bookkeeping by Single and Double Entry: Simplified and Arranged, According to the Best Practice of Well Regulated Counting Houses in the United States*. The author is John H. Shea, recognized authority of the time.

### Annual Meeting of South Carolina Association

The annual meeting of the South Carolina Association of Certified Public Accountants was held at Columbia, December 10th. All but a few of the members from all parts of the state attended, and they were entertained at a buffet luncheon at the home of Louis A. Searson, president of the Association, at which John L. Carey, secretary of the American Institute of Accountants, was the guest of honor.

During the afternoon, the business sessions were held. Mr. Searson was re-elected president, and there was discussion of C.P.A. legislation, Federal taxation, competitive bidding and state society activities in general.

At a banquet held in the evening, at the Hotel Columbia, there were fifty-three in attendance, including not only members of the Association, but the following invited guests:

- Sam B. King, insurance commissioner and commissioner of securities, state of South Carolina.
- W. R. Bradley, director, income-tax division, South Carolina Tax Commission.
- L. B. Owens, mayor of the city of Columbia.
- J. M. Smith, C.P.A., state auditor.
- Ormsby P. Bourke, C.P.A., secretary-treasurer, South Carolina State Highway Department.

- Angus E. Bird, president, Citizens & Southern Bank of South Carolina.
- Leslie M. Milling, vice-president, South Carolina National Bank.
- William Wallace, president, Palmetto State Life Insurance Co.
- Ames Haltiwanger, vice-president, Carolina Life Insurance Co.

The speakers were the secretary of the American Institute; Robert M. Cooper, collector of internal revenue for the District of Columbia; and John I. Cosgrove, former city attorney of Charleston and a special judge.

Mr. Carey spoke of the increasing responsibilities of certified public accountants and the importance of their work to government and business in numerous respects. He advocated wider adoption of the natural business year and deplored the practice of seeking competitive bids for accounting work, particularly on the part of governmental subdivisions.

Mr. Cooper praised the work of accountants with whom he had had to deal as collector of internal revenue and said that he was always pleased to see an accountant entering his office as the representative of a taxpayer. He also strongly advocated adoption of natural business years, in order to avoid the heavy strain of the first three months of the calendar year. He indicated that it would be more and more difficult to grant extensions for filing income-tax returns and urged business to solve the problem by spreading closing dates.

Mr. Cosgrove entertained the audience with humorous remarks, but in closing spoke of the close relationship which existed between the lawyer and the certified public accountant.

The annual meeting closed with renewed pledges among the members and officers that the coming year would be one of increased activity on the part of the state society.

## Fiftieth Anniversary Proceedings

Shortly after this issue of the bulletin appears there will be published a volume commemorating the Institute's fiftieth anniversary celebration held in New York, October 18-22, 1937. The volume, containing approximately 560 pages, will be handsomely bound and will present the complete proceedings of the celebration, as well as a history of the Institute and ten pages of illustrations.

Of particular interest will be the section devoted to the proceedings of the ten round-table discussions held during the meeting. The topics of discussion were chosen for their immediate interest to practising accountants and the round-table sessions attracted a large attendance. Various points of view on each subject were expressed. This will be the only publication of this material, which includes the following topics:

- "Developments in accounting theory and practice since 1929"
- "Reorganization under the revenue acts"
- "Accountants' certificates"
- "Inventory—What is the lower of cost or market?"
- "Practice problems of accountants in connection with registration statements"
- "Accounts of governmental authorities"
- "Education for the accountant"
- "To what extent can the practice of accounting be reduced to rules and standards?"
- "Pricing product under the Robinson-Patman act"
- "Aptitude tests for staff accountants"

Copies of the proceedings will be distributed without charge to those who registered for the meeting and a limited number of additional copies will be sold for \$4 each. Members are urged to place their orders promptly.

## Institute Represented at Detroit and Minneapolis Meetings

M. E. Peloubet, member of council and chairman of the board of examiners of the American Institute of Accountants, recently addressed members of the Michigan and Minnesota Societies of Certified Public Accountants at meetings in Detroit and Minneapolis. In a letter from Mr. Peloubet the following brief description of these meetings is given:

"At the meeting of the Michigan Association held on December 9th, I outlined the present status of the Institute and the results of the merger, laying particular emphasis on the desire of the Institute to cooperate with state societies, and described the machinery set-up by the Institute to make such cooperation effective. I pointed out that there were no changes in the requirements of admission which had the effect of lowering standards but that any added requirements, such as that of a certified-public-accountant certificate before admission were in the nature of raising rather than lowering standards.

"Much interest was shown in the plans of the Institute to cooperate with state societies through the Advisory Council of State Society Presidents and through the interchange of information between state societies, the Institute acting as a clearing house.

"The resources of the Institute in the way of technical information and the manner in which this is placed at the disposal of the members was also discussed with much interest.

"At a luncheon meeting of the Minnesota Society of Certified Public Accountants held on December 13th, the general aims and purposes of the Institute were discussed in much the same way as at Detroit. The question, however, which seemed uppermost in the minds of the Minneapolis members was the relation between lawyers and accountants.

“In both societies there seemed to be a keen interest in the work of the Institute and a considerable measure of appreciation of what has been accomplished in the last two years. I pointed out that the outlying and less populous states had always been over-represented in the Institute’s council and should, in all probability, continue to be so over-represented. I also pointed out that the information service and the other services which the library might render are necessarily more difficult to render to a member living some distance from New York but that, nevertheless, no effort was spared to serve the interests of these members.”

### Examination Results

The papers of 519 candidates who sat for the Institute’s examinations on November 18 and 19, 1937, in states which have adopted the Institute’s plan of coöperation have been graded by the Institute’s examiners.

The results, as reported to the state boards on December 17, 1937, showed that 69 per cent. were passed in auditing, 39 per cent. were passed in commercial law, and 17 per cent. were passed in accounting theory and practice.

At the May, 1937, examinations 58 per cent. were passed in auditing, 56 per cent. in commercial law, and 38 per cent. in accounting theory and practice.

Stephen J. McMahon, for over seven years a member of the United States Board of Tax Appeals, has announced that he has opened offices in the First Wisconsin National Bank building, Milwaukee, and in the Evening Star building, Washington, D. C., for the practice of tax law, Federal, state and local.

### Andrew H. Borman

Andrew H. Borman, of New York, died on November 29th at the age of 43. Mr. Borman, a native of New York and a graduate of New York University, had been in the practice of accounting since 1917. From 1919 to 1926 he was associated with Ernst & Ernst, and since 1926 had been practising on his own account, under the name of A. Borman & Co. Mr. Borman had been a member of the Institute since 1927, and was a certified public accountant of New York.

### George R. Gibbs

George R. Gibbs, of Detroit, died on Easter Sunday of last year, the Institute has just learned. Mr. Gibbs received his early education in Michigan, and was a certified public accountant of that state. He was also a member of the Michigan Association of C.P.A.’s. For a number of years he was manager of the accounting department of the Security Trust Company, and at his death was a partner in the firm of Gibbs, Schneider, Hogan & Lawton.

### Percival D. Griffiths

Percival D. Griffiths, F. C. A., a partner for 40 years in the firm of Deloitte, Plender, Griffiths & Co., was killed while hunting with the Whaddon Chase hounds on December 11, 1937. He was thrown when jumping a brook and death came instantaneously and painlessly.

Mr. Griffiths was 75 years of age at the time of his death. He was admitted as an associate of the Institute of Chartered Accountants in England and Wales in 1887 and became a fellow of the Institute in 1904. He was responsible for opening the firm’s office in New York in 1890, returning to England and

becoming a partner in the London firm in 1898. The name of the firm at that time was Deloitte, Dever, Griffiths & Co., being changed to Deloitte, Plender, Griffiths & Co., when William Plender (now Lord Plender) became senior partner about 35 years ago.

In 1900 Mr. Griffiths married Miss Gertrude Bailey-Tredick, daughter of Mr. and Mrs. Salter Bailey-Tredick of Portsmouth, N. H., and a granddaughter of Admiral Bailey, U.S.N.

The funeral took place at Sandridgebury, Hertfordshire, on December 14 and a memorial service was held at St. James Church, Piccadilly, London, on the same afternoon.

### **John Patrick Kinney**

John Patrick Kinney, of San Antonio, died April 30, 1936. Mr. Kinney was graduated from the St. Edwards University, Austin, Texas, in 1906, with the M.A. degree. He was a certified public accountant of Texas and a member of the Texas Society of C.P.A.'s. He was at one time senior accountant for Rogers, Smith & Company, San Antonio, and during the year just prior to his death was a partner in the firm of F. G. Rogers & Company.

### **George R. Lawton**

George R. Lawton, of Tiverton, R. I., died November 14th, at the age of 78. Mr. Lawton, a life-long resident of Tiverton, attended the public schools of Tiverton and a private school in Fall River. He was engaged as a book-keeper for Joseph Church & Company in Maine and later became a certified public accountant, being employed by various firms in Rhode Island, Massachusetts, New York and other states.

Mr. Lawton served as a member of the Tiverton Town Council and was at

one time its president, and served several years as a member of the state House of Representatives and Senate.

He had been a member of the American Institute of Accountants since 1902, when it was known as the American Association of Public Accountants.

### **Charles B. Smith**

Charles B. Smith, of New York, died in April, 1936, at the age of 78. He was born and educated in Bath, England, where his father was an accountant. When he was 25 years old, Mr. Smith came to this country and became an American citizen. Shortly thereafter he entered the practice of accounting in New York. For 28 years he maintained offices at 45 Broadway and later at 72 Trinity Place. Subsequently he was employed by the *New York Journal*, where he remained until a few years before his death. In 1896 Mr. Smith became a fellow of the American Association of Public Accountants, and his membership continued until 1916, when the name was changed to American Institute of Accountants; from 1916 to the time of his death he was a member of the Institute.

### **Roy A. Turner**

Roy A. Turner, of Denver, Colorado, died December 27th, at the age of 45. A native of Canon City, Colorado, Mr. Turner was graduated from the University of Denver with the B.S.C. degree. He was a member of Alpha Kappa Psi Fraternity. For the past six years he had been associated with Clem W. Collins and Company, of Denver, and for the past two years was a partner in the firm. He was a member of the Colorado Society of Certified Public Accountants.

### International Congress at Berlin

The Fifth International Congress on Accounting will be held at Berlin on September 19-24, 1938. Following the Fourth International Congress held at London in 1933, invitations for the succeeding Congress were received from both Italy and Germany. Under the precedent established for the management of International Congresses, the executive committee of the most recent Congress is invested with power to choose the place where the following meeting will be held.

After some discussion Italy graciously deferred its invitation and the executive committee accepted with pleasure the invitation of the German representatives. The Institut der Wirtschaftsprüfer, the recognized body of professional accountants of Germany, is active in making arrangements. The American Institute of Accountants has accepted an official invitation to be represented at the Congress and the president and the executive committee have nominated John F. Forbes, past president, to head the Institute's delegation. Doubtless the delegation will be enlarged by other members who find it convenient to travel to Berlin at the time of the Congress.

Among the subjects which are to be dealt with at the Congress are the following:

- Matters affecting the profession
- Business planning
- Audit of annual accounts
- Company law
- Consolidated accounts
- Auditing by and for tax authorities
- Other auditing and advisory work
- Methods of computing cost and control of prices by public authorities

At the fiftieth anniversary meeting of the American Institute of Account-

ants held in New York in October, 1937, the Institut der Wirtschaftsprüfer was represented by five members headed by Dr. Melchior Schwoon.

### Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, 38 applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

#### ADVANCED TO MEMBERSHIP

Edward M. Blanchard, New York, N. Y.  
O. P. Gokay, New York, N. Y.  
G. J. Hardman, Buenos Aires, A. R.  
Orville E. Johnson, Chattanooga, Tenn.  
Fred Meyer, Los Angeles, Calif.

#### ADMITTED AS MEMBERS

Joseph D. Beasley, Houston, Texas  
John Leslie Brown, Cincinnati, Ohio  
Sidney J. Collins, Youngstown, Ohio  
Howard W. Connaughton, New York, N. Y.  
Irwin Dubin, Philadelphia, Pa.  
M. Guy Hardin, St. Louis, Mo.  
Lawrence P. Hourihan, New York, N. Y.  
Arnold P. Jorgensen, Washington, D. C.  
Carl W. Kudell, Los Angeles, Calif.  
Burton B. Mason, Columbus, Ohio  
George D. McCarthy, New York, N. Y.  
Harry Merdinger, New York, N. Y.  
Monroe Nash, Portsmouth, Va.  
Garrison Norton, New York, N. Y.  
Joseph E. O'Shea, New York, N. Y.  
Charles F. Pattison, Milwaukee, Wis.  
W. H. Perkins, St. Louis, Mo.  
Joseph C. Schafer, Chicago, Ill.  
Edward G. Schieber, New York, N. Y.  
Andrew H. Sophie, Rochester, N. Y.  
Morris W. Whitaker, Lynchburg, Va.  
Eugene C. Wood, Jackson, Mich.

## ADMITTED AS ASSOCIATES

Willard W. Dow, Boston, Mass.  
Lawrence R. Goldfarb, Baltimore, Md.  
Frank W. Hendershott, Fort Worth,  
Texas  
Ancus M. Hoffar, New York, N. Y.  
G. Don Larson, Chicago, Ill.  
Earle Goodrich Lee, St. Paul, Minn.  
Vinton E. Lee, Washington, D. C.  
Marion A. Pike, Indianapolis, Ind.  
William H. Stout, Peabody, Mass.  
Kenneth O. Swanson, Pittsburgh, Pa.  
Joseph P. Walsh, New York, N. Y.

**Bankers Report on Coöperation  
with Public Accountants**

At the twenty-first annual conference of the Robert Morris Associates, held October 25-27, 1937, at St. Louis, Philip F. Gray, chairman of the committee on coöperation with public accountants, reported as follows:

"During the past year very few questions of importance relating to presentation of financial statements have been referred to the committee, although, believe it or not, one member reported recently that a balance-sheet prepared by a recognized firm of accountants contained an item 'advances to officers—net.' Both accountants and credit men thought this 'net' business was as dead as the mammoth recently chopped out of the ice by the Bolsheviks.

"About two years ago this committee was directed by the Associates to discuss with the American Institute of Accountants the standard form of certificate which had been adopted by the Institute. The Associates felt that the wording of the certificate was too indefinite as to the adequacy of the audit or examination. Very little formal progress has been made, although some of the individual accounting firms have inserted such phrases as 'we examined in a manner and to the extent which we considered appro-

priate.' The accountants' committee on coöperation with bankers recently issued their annual report, which deals largely with the bankers' criticism of the standard form of certificate. This report contains, in the opinion of the chairman of your committee, a misunderstanding as to what we feel the fundamental problem to be. Being so far apart on the question at the beginning of the year, we hope to be able to report real progress at our next meeting.

"It may be interesting to mention here that the American Institute of Accountants prepares a budget of work to be performed for the coming year, and it is noted that their special committee on coöperation with bankers is charged to 'continue its discussions with the Robert Morris Associates on accounting questions related to financial statements for credit purposes; consider the possibility of issuing to bankers brief bulletins dealing with the accountant's relations with client and banker, his responsibilities and his limitations; arrange for the appearance of Institute members at meetings of the Robert Morris Associates.'

"We sincerely appreciate this coöperation and it is suggested that each chapter of the Associates hold at least one meeting each year with a group of accountants. The opinion is ventured that few credit men have a sound understanding of the public accountant's problems and responsibilities. The accountants may not benefit materially by discussions with bank credit men, but we would certainly be aided in our endeavor to keep up to date on accounting practice and terminology.

"During the year 1937-38 this committee will have 12 members, each representing a local chapter of the associates and we expect most matters pertaining to this work will be handled locally.

"Do not forget to assist whenever possible the good work being carried on by the Natural Business Year Council. If you are not fully familiar with this undertaking see Alec Wall who is a member of the council."

## Notes and Observations

### Institute Membership

*The Indiana C.P.A.:* "Every member of our Association should become a member of the American Institute of Accountants. In union there is strength, and if we are all members of our national body, certainly much can be accomplished which will be helpful to all concerned. . . . The secretary has application blanks, and if you are a member in good standing in the Association, your entrance fee is only \$10. Professionally, individually, let's show our appreciation of the Institute."

### Competitive Bidding

In the December issue of the *News Bulletin* of the Massachusetts Society of Certified Public Accountants, Charles F. Rittenhouse, of Boston, calls attention to the recent action of the Connecticut Society in prohibiting competitive bidding by amendment of its by-laws, and states that this subject should be brought into the open for full and frank discussion by the members of the Massachusetts Society. Mr. Rittenhouse cited the occurrence of competitive bidding in Massachusetts, particularly in the field of savings banks audits. The stigma attached to the word "bid," he said, often is softened by substituting such words as "offer," "proposal," or "estimate," but this device does not make the practice less harmful. For practical reasons, however, Mr. Rittenhouse urged that no action on the matter be taken without most careful consideration.

### A Society Publication

T. W. Leland, upon assuming the duties of editor of *The Texas Accountant*, publication of the Texas Society of C.P.A.'s, recently stated: "*The Texas Accountant* should perform the following services for the Society:

- "1. Inform the membership of the program of the Society and the activities of officers, directors and committees.
- "2. Report the proceedings of the annual meeting and of board meetings.
- "3. Report meetings of the local chapters and the work of such chapters.
- "4. Inform the membership on matters of state legislation and other events which affect the profession.
- "5. Inform the public regarding the services and standards of the profession.
- "6. Serve as a clearing house for interchange of ideas between members and between state organizations.
- "7. Publish articles of general interest, especially articles prepared by members."

### Form of Organization

At a recent meeting of the trustees of the Georgia Society of C.P.A.'s, it was resolved that at the next annual meeting of the society it be proposed that the by-laws be amended to eliminate the provision for local chapters. The amendment would provide, however, that the society hold five meetings each year, one in each of the following cities: Atlanta, Augusta, Columbus, Macon and Savannah.

## A Written Program

*The Texas Accountant*, commenting upon an article in THE CERTIFIED PUBLIC ACCOUNTANT in which the advantages of a written program were described, points out that the Texas Society of C.P.A.'s has used written programs since the year 1934-1935. In the same issue, December, 1937, the society's program for the current year is published.

## Timely Advice

Depositors of the Broward Bank and Trust Co., Fort Lauderdale, Fla., received with their November statements a notice, prepared in collaboration with the Florida Institute of Accountants, which read, in part, as follows:

- (1) It is vitally important to the future welfare of your business that you consider your tax problems almost daily, or at least during the last month of your taxable year. This is especially true of corporations, as the law provides a penalty tax upon all profits not distributed to stockholders before the end of the taxable year.
- (2) If you arrange for your end-of-the-year audit *now*, the work can commence at once and you will have the advantage of giving consideration to the year's operations during December, with a complete report shortly thereafter.
- (3) By consulting your auditor during December, you can decide upon and execute a dividend policy, have adequate provision made for bad or doubtful debts, revise if necessary your schedule of depreciation, and decide many other important matters, as well as establish upon your records the proper evidence, mandatory under the revenue act, to substantiate and assure full deduction credits, thereby minimizing your taxes.

## Tax Conference

The second annual tax conference of the Massachusetts Society of C.P.A.'s, held in three sessions on November 30th, December 6th and December 14th, at Boston, is reported to have been an entire success. The attendance at each session was between 80 and 100. The topics discussed were: "Federal individual taxes," "The Federal corporation income-tax return," and "Massachusetts taxes." The leaders were, respectively, Carroll F. Holt, Ernest H. Griswold and Edwin E. Wakefield. The topic was presented by the leader at the beginning of each session and then submitted for discussion on the floor. A summary of each session was made by a member present for publication in the bulletin of the society.

## Life Membership

Walter D. Whitcomb, of Portland, was presented with life membership in the Oregon State Society of Certified Public Accountants, at a meeting on December 10th, in recognition of his long service to the society.

## A Paid Secretary

The Georgia Society of C.P.A.'s has under consideration a proposal that the society employ a secretary to perform the routine duties of that office and especially to put into effect a comprehensive program of public relations. The plan was recommended to the trustees by the members at a recent meeting. Subsequently the trustees appointed a committee to ascertain the experience of other state societies with paid secretaries and agreed to underwrite the employment of a secretary until the state society could assume the expense.



## Officers of State Societies

For general information and for the convenience of those who may have occasion to enter into correspondence with officers of state accounting societies, there is presented in the following pages a compilation of the officers of each state society and chapter, based upon the latest information in the records of the Institute. It is intended that changes in personnel be reported as they occur and that a complete revised compilation be published hereafter at six-month intervals. Reprints of these pages will be made available to officers of state societies and others to whom they would be useful.

It is requested that inaccuracies, if any, be reported promptly, so that corrections may be made.

### Alabama Society of C.P.A.'s

#### *Annual Meeting—May*

**PRESIDENT**—H. C. Crane, 1015 First National Bank Bldg., Montgomery.  
**SECRETARY**—James J. Scarborough, 810 Jackson Bldg., Birmingham.  
**CHAIRMAN OF COUNCIL**—James O. Screven, Webb-Crawford Bldg., Birmingham.

### Arizona Society of C.P.A.'s

#### *Annual Meeting—November*

**PRESIDENT**—Thomas J. Elliott, Valley National Bank Bldg., Tucson.  
**VICE-PRESIDENT**—Dixon Fagerberg, Luhrs Bldg., Phoenix.  
**SECRETARY**—Daphne H. Latham, Box 1391, Phoenix.  
**TREASURER**—James C. Eikner, 401 Security Bldg., Phoenix.

### Arkansas Society of C.P.A.'s

#### *Annual Meeting—October*

**PRESIDENT**—J. L. Swofford, 809 First National Bank Bldg., Fort Smith.  
**VICE-PRESIDENT**—J. V. Stewart, 216 Commercial National Bank Bldg., Little Rock.  
**SECRETARY-TREASURER**—R. A. Lile, 1110 Boyle Bldg., Little Rock.

### California State Society of C.P.A.'s

#### *Annual Meeting—June*

**PRESIDENT**—Willis C. Graves, 734 Standard Oil Bldg., Los Angeles.  
**VICE-PRESIDENT**—A. DeWitt Alexander, 601 Crocker Bldg., San Francisco.  
**VICE-PRESIDENT**—J. B. Scholefield, 1111 I. N. Van Nuys Bldg., Los Angeles.  
**SECRETARY-TREASURER**—B. W. Bours, 620 Market St., San Francisco.

#### *Fresno Chapter:*

**PRESIDENT**—George H. Lips, 3024 Illinois Ave., Fresno.  
**VICE-PRESIDENT**—George W. Sims, 1837 Fulton St., Fresno.  
**SECRETARY-TREASURER**—Thomas C. Roberson, 2341 Hedges St., Fresno.

#### *Los Angeles Chapter:*

**PRESIDENT**—Arville R. Cooper, 1422 C. C. Chapman Bldg., Los Angeles.  
**VICE-PRESIDENT**—Oscar Moss, 510 W. 6th St., Los Angeles.  
**SECRETARY-TREASURER**—James A. Caster, 600 Rives-Strong Bldg., Los Angeles.

#### *San Francisco Chapter:*

**PRESIDENT**—Robert M. Gane, 155 Sansome St., San Francisco.

VICE-PRESIDENT—L. H. Penney, 2408  
Russ Bldg., San Francisco.

SECRETARY-TREASURER—B. W. Bours,  
620 Market St., San Francisco.

**Colorado Society of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—Arthur L. Baldwin, Fon-  
tius Bldg., Denver.

VICE-PRESIDENT—Stanley V. Davies,  
1031 U. S. National Bank Bldg.,  
Denver.

SECRETARY-TREASURER—Thomas E.  
Stanley, 814 University Bldg., Den-  
ver.

ASST. SECRETARY-TREASURER—Charles  
Dimler, 730 South Ogden St., Denver.

**Connecticut Society of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—J. William Hope, 886  
Main St., Bridgeport.

VICE-PRESIDENT—Guy Cambria, 296  
Main St., Middletown.

SECRETARY—Edward I. Petze, 26 Elm  
St., New Haven.

TREASURER—Milton H. Friedberg, 955  
Main St., Bridgeport.

**Delaware Society of C.P.A.'s**

PRESIDENT—Clifford E. Iszard, du  
Pont Bldg., Wilmington.

VICE-PRESIDENT—Alfred H. Coe, du  
Pont Bldg., Wilmington.

SECRETARY—Medford H. White, du  
Pont Bldg., Wilmington.

**District of Columbia Institute of  
C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—Harold S. Roberts, Wood-  
ward Bldg., Washington, D. C.

VICE-PRESIDENT—John Berg, 815 15th  
St., N.W., Washington, D. C.

SECRETARY-TREASURER—Raymond M.  
Florance, Earle Bldg., Washington,  
D. C.

**Florida Institute of Accountants**

*Annual Meeting—May*

PRESIDENT—P. W. Fisher, 510 Barnett  
National Bank Bldg., Jacksonville.

VICE-PRESIDENT—E. C. Work, Box  
262, Bagdad.

VICE-PRESIDENT—H. M. Turnburke,  
Manson Arcade, Clearwater.

VICE-PRESIDENT—A. E. Collins, 611  
Citizens Bank Bldg., Tampa.

SECRETARY—Charles H. Lindfors,  
Sweet Bldg., Fort Lauderdale.

TREASURER—W. F. Milton, 1500 First  
Trust Bldg., Miami.

*St. Petersburg Chapter:*

PRESIDENT—Lee C. Shepard, 506 Equit-  
able Bldg., St. Petersburg.

VICE-PRESIDENT—E. Russell Sheldon,  
Florida Theatre Bldg., St. Peters-  
burg.

SECRETARY—N. E. Irvine, Box 2827,  
St. Petersburg.

TREASURER—H. M. Turnburke, Man-  
son Arcade, Clearwater.

*Jacksonville Chapter:*

PRESIDENT—J. W. Burke, Box 1079,  
Jacksonville.

VICE-PRESIDENT—George H. Ford,  
Rogers Bldg., Jacksonville.

SECRETARY—O. J. Oosterhoudt, Box  
1079, Jacksonville.

TREASURER—Ira J. Varnedoe, Rogers  
Bldg., Jacksonville.

*Tampa Chapter:*

PRESIDENT—Joseph A. Sweeny, 304  
Tampa Gas Co. Bldg., Tampa.

VICE-PRESIDENT—Russell S. Bogue,  
906 Citizens Bank Bldg., Tampa.

SECRETARY—Manuel A. Montenegro,  
811 Wallace S. Bldg., Tampa.

TREASURER—Hubert Foy, 212 First  
National Bank Bldg., Tampa.

**Georgia Society of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—Sydney T. Lee, 1020 Re-  
alty Bldg., Savannah.

VICE-PRESIDENT—L. D. Baggs, Jr.,  
308 Second St., Macon.

VICE-PRESIDENT—Roy Burns, Box 1285, Columbus.

VICE-PRESIDENT—W. J. Carter, 408 Citizens & Southern National Bank Bldg., Atlanta.

VICE-PRESIDENT—H. F. Meyer, Box 1311, Savannah.

VICE-PRESIDENT—A. T. Murphy, Union Savings Bank Bldg., Augusta.

SECRETARY—L. E. Campbell, Emory University.

TREASURER—C. E. Davis, 923 Healey Bldg., Atlanta.

LIBRARIAN—E. M. Kendrick, Georgia Savings Bank Bldg., Atlanta.

*Atlanta Chapter:*

CHAIRMAN—Marvin F. Pixton, 605 First National Bank Bldg., Atlanta.

FIRST VICE-CHAIRMAN—Lewis L. Davis, Box 4418, Atlanta.

SECOND VICE-CHAIRMAN—T. M. Weber, Jr., 509 First National Bank Bldg., Atlanta.

SECRETARY—P. W. Christian, Red Rock Bldg., Atlanta.

TREASURER—F. M. Nash, Jr., Healey Bldg., Atlanta.

*Augusta Chapter:*

CHAIRMAN—A. T. Murphy, Union Savings Bank Bldg., Augusta.

VICE-CHAIRMAN—William A. Herman, Jr., 1023 S. F. C. Bldg., Augusta.

SECRETARY—Walter H. Lynch, Jr., c/o George C. Baird & Co., S. F. C. Bldg., Augusta.

TREASURER—Lewis Glasser, Herald Bldg., Augusta.

*Columbus Chapter:*

CHAIRMAN—Roy Burns, Box 1285, Columbus.

VICE-CHAIRMAN—H. E. Trost, Columbus.

SECRETARY-TREASURER—J. H. Willis, c/o William F. Loflin & Co., Columbus.

*Macon Chapter:*

CHAIRMAN—L. D. Baggs, Jr., 308 Second St., Macon.

VICE-CHAIRMAN—A. L. Norris, Happ Bldg., Macon.

SECRETARY-TREASURER—T. W. Clifton, Court House, Macon.

*Savannah Chapter:*

CHAIRMAN—H. F. Meyer, Box 1311, Savannah.

FIRST VICE-CHAIRMAN—Peter F. Gould, Brunswick.

SECOND VICE-CHAIRMAN—Harry R. Friedman, Mandel Bldg., Savannah.

SECRETARY-TREASURER—Eugene E. Behken, 908 Liberty Bank Bldg., Savannah.

**Hawaii Society of C.P.A.'s**

*Annual Meeting—August*

PRESIDENT—Edward J. Greaney, 432 Dillingham Transportation Bldg., Honolulu.

VICE-PRESIDENT—James F. Small, Territorial Bldg., Honolulu.

SECRETARY-TREASURER—Jean J. Delpech, Stangenwald Bldg., Honolulu.

**Idaho Society of C.P.A.'s**

*Annual Meeting—December*

PRESIDENT—Louis F. Diehl, 215 N. 7th St., Boise.

VICE-PRESIDENT—Truman Joiner, 205 Eastman Bldg., Boise.

SECRETARY-TREASURER—Jere W. Robinson, First National Bank Bldg., Boise.

**Illinois Society of C.P.A.'s**

*Annual Meeting—September*

PRESIDENT—Hiram T. Scovill, 217 Commerce Bldg., University of Illinois, Urbana.

VICE-PRESIDENT—Edward B. Wilcox, 125 West Madison St., Chicago.

SECRETARY-TREASURER—Frank Ahlforth, 1 North LaSalle St., Chicago.

**Indiana Association of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—O. C. Herdrich, 803 Electric Bldg., Indianapolis.

VICE-PRESIDENT—A. R. Chapman, 528 Chamber of Commerce Bldg., Indianapolis.

SECRETARY—John S. Lloyd, Guaranty Bldg., Indianapolis.

TREASURER—Floyd H. Kirlin, 307 Peoples Bank Bldg., Indianapolis.

**Iowa Society of C.P.A.'s**

*Annual Meeting—October*

PRESIDENT—I. B. McGladrey, 1020 Merchants National Bank Bldg., Cedar Rapids, Iowa.

VICE-PRESIDENT—Sidney L. Taylor, 509 Warnock Bldg., Sioux City.

SECRETARY—William A. Shute, 417 First National Bank Bldg., Waterloo.

TREASURER—G. S. Worden, 561 28th St., Des Moines.

**Kansas Society of C.P.A.'s**

*Annual Meeting—September*

PRESIDENT—Cliff C. Stevenson, 401 Commerce Bldg., Pittsburg.

VICE-PRESIDENT—M. J. Kennedy, Putname Bldg., Salina, Kansas.

SECRETARY-TREASURER—Fred B. Kubik, 509 Brown Bldg., Wichita.

**Kentucky Society of C.P.A.'s**

*Annual Meeting—July*

PRESIDENT—Kenneth White, 401 Louisville Trust Bldg., Louisville.

FIRST VICE-PRESIDENT—C. R. Escott, 412 Lincoln Bank Bldg., Louisville.

SECOND VICE-PRESIDENT—W. T. Boden, 1002 S. Second St., Louisville.

SECRETARY-TREASURER—Eugene Heimerdinger, Louisville Trust Bldg., Louisville.

**Society of Louisiana C.P.A.'s**

*Annual Meeting—August*

PRESIDENT—Frank Youngman—803 Baronne Bldg., New Orleans.

VICE-PRESIDENT—E. S. Rittler, 830 Audubon Bldg., New Orleans.

SECRETARY—George A. Treadwell, 919 Union Bldg., New Orleans.

TREASURER—Lucien J. Moret, 1027 Whitney Bank Bldg., New Orleans.

*North Louisiana Chapter:*

PRESIDENT—Ralph Eglin, Giddens-Lane Bldg., Shreveport.

VICE-PRESIDENT—H. G. Pearson, Giddens-Lane Bldg., Shreveport.

TREASURER—C. M. Pasquier, 1105 Slattery Bldg., Shreveport.

SECRETARY—B. D. Battle, Slattery Bldg., Shreveport.

**Maine Society of Public Accountants**

*Inactive*

PRESIDENT—R. M. Millett, 1010 Fidelity Bldg., Portland.

**Maryland Association of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—Harold N. House, Mercantile Trust Bldg., Baltimore.

VICE-PRESIDENT—James L. Benson, 608 Union Trust Bldg., Baltimore.

SECRETARY—John L. McKewen, Baltimore Trust Bldg., Baltimore.

TREASURER—J. Elwood Armstrong, Jr., 1243 Calvert Bldg., Baltimore.

AUDITOR—Herbert J. Grieb, 4205 Kolb Ave., Baltimore.

**Massachusetts Society of C.P.A.'s, Inc.**

*Annual Meeting—June*

PRESIDENT—Arthur W. Yardley, 10 State St., Boston.

VICE-PRESIDENT—Anthony Jaureguy, 75 Federal St., Boston.

SECRETARY—J. Harold Stewart, 50 State St., Boston.

TREASURER—Edward J. McDevitt, Jr., 1 Federal St., Boston.

AUDITOR—Cyril N. Angell, 131 State St., Boston.

**Michigan Association of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—Cletus M. Laux, 2422 Union Guardian Bldg., Detroit.

VICE-PRESIDENT—Arnold L. Barrett, 2000 Buhl Bldg., Detroit.

SECRETARY—L. Earl Borland, 820 David Stott Bldg., Detroit.

TREASURER—Roland B. Keays, 2035 Dime Bank Bldg., Detroit.

*Central Michigan Chapter:*

PRESIDENT—David W. Sutherland, 1509 Security National Bank Bldg., Battle Creek.

VICE-PRESIDENT—Ray C. Lynn, 351 Hollister Bldg., Lansing.

SECRETARY-TREASURER—Edwin M. Stanton, 1211 Security National Bank Bldg., Battle Creek.

*Western Michigan Chapter:*

PRESIDENT—C. S. McEwan, 905 Grand Rapids Trust Bldg., Grand Rapids.

VICE-PRESIDENT—A. J. Van Keppel, 1001 Grand Rapids Trust Bldg., Grand Rapids.

SECRETARY—R. E. Weaver, 924 Grand Rapids National Bank Bldg., Grand Rapids.

TREASURER—G. A. Veltman, 2351 Plainfield Ave., N. E., Grand Rapids.

AUDITOR—C. C. Moore, 315 Hackley Union Bank Bldg., Muskegon.

**Minnesota Society of C.P.A.'s***Annual Meeting—May*

PRESIDENT—George C. Ludolph, 852 McKnight Bldg., Minneapolis.

FIRST VICE-PRESIDENT—A. W. Murdock, E. 1312 First National Bank Bldg., St. Paul.

SECOND VICE-PRESIDENT—Karl F. Honigman, 606 Lonsdale Bldg., Duluth.

SECRETARY—Edwin L. Pearson, 510 Essex Bldg., Minneapolis.

TREASURER—L. J. Byers, 1212 Pioneer Bldg., St. Paul.

**Mississippi Society of C.P.A.'s***Annual Meeting—May*

PRESIDENT—Thomas E. Walsh, Box 76, Greenville.

VICE-PRESIDENT—Dick D. Quin, 10 Jackson-State National Bank Bldg., Jackson.

SECRETARY-TREASURER—A. L. Evans, 606 National Bank of Gulfport Bldg., Gulfport.

**Missouri Society of C.P.A.'s***Annual Meeting—September*

PRESIDENT—Parry Barnes, Insurance Exchange Bldg., Kansas City.

FIRST VICE-PRESIDENT—John J. Lang, 801 LaSalle Bldg., St. Louis.

SECOND VICE-PRESIDENT—Francis R. Brodie, 1026 Dwight Bldg., Kansas City.

SECRETARY—Paul F. Swantee, 1305 Commerce Bldg., Kansas City.

TREASURER—William Charles, 506 Olive St., St. Louis.

*Kansas City Chapter:*

PRESIDENT—J. G. Stauffer, 1003 Insurance Exchange Bldg., Kansas City.

FIRST VICE-PRESIDENT—Elmer W. Ross, 1325 Commerce Bldg., Kansas City.

SECOND VICE-PRESIDENT—J. Y. McManus, 950 Dierks Bldg., Kansas City.

SECRETARY—A. Henry Cuneo, 1220 Commerce Bldg., Kansas City.

TREASURER—Leroy John, 1010 Fairfax Bldg., Kansas City.

*St. Louis Chapter:*

PRESIDENT—O. E. Fischer, 506 Olive St., St. Louis.

VICE-PRESIDENT—L. J. Meyer, Ambassador Bldg., St. Louis.

SECOND VICE-PRESIDENT—L. J. Kerber, Pierce Bldg., St. Louis.

SECRETARY—W. L. Hausman, Boatmen's Bank Bldg., St. Louis.

TREASURER—R. C. Mare, Mississippi Valley Trust Bldg., St. Louis.

**Montana Society of C.P.A.'s***Annual Meeting—November*

PRESIDENT—Anton Gerharz, Securities Bldg., Billings.

VICE-PRESIDENT—J. M. Stotesbury, Box 628, Bozeman.

SECRETARY—R. A. Lathom, 21 Clark Ave., Billings.

**Nebraska Society of C.P.A.'s***Annual Meeting—June*

PRESIDENT—Henry Moeller, Omaha National Bank Bldg., Omaha.  
 VICE-PRESIDENT—Robert H. Van Boskirk, 401 Bankers Life Bldg., Lincoln.  
 SECRETARY—Wilbur R. Irwin, Insurance Bldg., Omaha.  
 TREASURER—Kenneth Lambie, c/o Hanson Audit Co., Fremont.

**New Hampshire Society of C.P.A.'s***Annual Meeting—June*

PRESIDENT—J. Ben Hart, Amoskeag Bank Bldg., Manchester.  
 VICE-PRESIDENT—Hiram Haskell, Bell Bldg., Manchester.  
 SECRETARY-TREASURER—Robert M. Bruce, Box 814, Portsmouth.

**New Jersey Society of C.P.A.'s***Annual Meeting—May*

PRESIDENT—John A. Conlin, Federal Trust Bldg., Newark.  
 FIRST VICE-PRESIDENT—Theo. Krohn, 9 Clinton St., Newark.  
 SECOND VICE-PRESIDENT—C. P. King, 82 Beaver St., New York.  
 SECRETARY—William Surosky, 126 Market St., Paterson.  
 TREASURER—Frederick Banks, 335 Broad Street Bank Bldg., Trenton.  
 AUDITOR—Harry Rubenstein, 128 Catalpa Ave., Perth Amboy.  
 AUDITOR—Aaron Smith, 208 Schwelm Bldg., Atlantic City.

**New Mexico Society of C.P.A.'s***Annual Meeting—July*

PRESIDENT—W. Ernest Hammond, 816 First National Bank Bldg., Albuquerque.  
 VICE-PRESIDENT—Jesse B. Murray, 203 Short Bldg., Carlsbad.  
 SECRETARY-TREASURER—L. M. Fletcher, 18 McNabb Bldg., Albuquerque.

**New York State Society of C.P.A.'s***Annual Meeting—May*

PRESIDENT—Morris C. Troper, 521 Fifth Ave., New York.  
 FIRST VICE-PRESIDENT—Victor H. Stempf, 80 Maiden Lane, New York.  
 SECOND VICE-PRESIDENT—A. S. Fedde, 110 William St., New York.  
 SECRETARY—G. Charles Hurdman, 31 Mamaroneck Ave., White Plains.  
 TREASURER—Archie F. Reeve, 90 Broad St., New York.  
 ASSISTANT TO PRESIDENT—Wentworth Gantt, 30 Broad St., New York.

*Albany Chapter:*

PRESIDENT—John J. Magilton, State Office Bldg., Albany.  
 VICE-PRESIDENT—William J. Nusbaum, 100 State St., Albany.  
 SECRETARY—Eugene J. Steiner, 90 State St., Albany.  
 TREASURER—Irving L. Simon, 75 State St., Albany.

*Buffalo Chapter:*

PRESIDENT—George W. Contant, 1120 Marine Trust Co. Bldg., Buffalo.  
 VICE-PRESIDENT—James L. Strong, 2019 Liberty Bank Bldg., Buffalo.  
 SECRETARY—Jerome P. Hausle, 1635 Marine Trust Co. Bldg., Buffalo.  
 TREASURER—Edward P. Klingensmeyer, 542 Marine Trust Co. Bldg., Buffalo.

*Rochester Chapter:*

PRESIDENT—Glenn O. Williams, 14 Franklin St., Rochester.  
 VICE-PRESIDENT—James L. Rothwell, 801 Genesee Valley Trust Bldg., Rochester.  
 SECRETARY—Rupert G. Fain, 14 Franklin St., Rochester.  
 TREASURER—Robert T. Morrow, Lincoln Alliance Bank Bldg., Rochester.

*Syracuse Chapter:*

PRESIDENT—Howard V. Swartz, 506 Herald Bldg., Syracuse.  
 VICE-PRESIDENT—Barrett J. Beckwith, Gurney Bldg., Syracuse.  
 SECRETARY-TREASURER—Charles F. Carr, 303 Herald Bldg., Syracuse.

**North Carolina Association of C.P.A.'s***Annual Meeting—May*

**PRESIDENT**—W. C. Nichols, Murchison Bank Bldg., Wilmington.

**VICE-PRESIDENT**—E. B. Taylor, Johnston Bldg., Charlotte.

**SECRETARY**—H. O. Parker, 108 North McDowell St., Raleigh.

**TREASURER**—Earle E. Peacock, University of North Carolina, Chapel Hill.

**North Dakota Society of C.P.A.'s**

**PRESIDENT**—Arthur Blegen, Black Bldg., Fargo.

**VICE-PRESIDENT**—Palmer C. Bakken, 410 Main St., Bismarck.

**SECRETARY-TREASURER**—Floyd L. Castle, 303 Security Bldg., Grand Forks.

**Ohio Society of C.P.A.'s***Annual Meeting—October*

**PRESIDENT**—Homer L. Dalton, 1909 Ohio Bank Bldg., Toledo.

**VICE-PRESIDENT**—Gordon S. Battelle, 121 W. 2nd St., Dayton.

**SECRETARY-TREASURER**—Harry W. Cuthbertson, 11 W. Monument Bldg., Dayton.

*Cincinnati Chapter:*

**PRESIDENT**—Edward A. Vogele, 1312 First National Bank Bldg., Cincinnati.

**VICE-PRESIDENT**—Oliver W. Seifert, Carew Tower, Cincinnati.

**SECRETARY-TREASURER**—J. Leslie Brown, 807 Chamber of Commerce Bldg., Cincinnati.

*Cleveland Chapter:*

**PRESIDENT**—Edward L. Pitt, 1052 Hanna Bldg., Cleveland.

**VICE-PRESIDENT**—C. Herbert Cox, 730 Guardian Bldg., Cleveland.

**SECRETARY-TREASURER**—Willis E. Lewis, Guardian Bldg., Cleveland.

*Columbus Chapter:*

**PRESIDENT**—Frank A. Boland, 33 North High St., Columbus.

**VICE-PRESIDENT**—W. E. Dickerson, Ohio State Univ., Columbus.

**SECRETARY-TREASURER**—Robert S. Rudy, West End of Buttles Ave., Columbus.

*Dayton Chapter:*

**PRESIDENT**—J. A. Hawk, 1128 Third National Bldg., Dayton.

**VICE-PRESIDENT**—Frank R. Somers, 807 U. B. Bldg., Dayton.

**SECRETARY-TREASURER**—William P. Hollinger, 1004 Harries Bldg., Dayton.

*Toledo Chapter:*

Temporarily inactive. Address communications to:

Homer L. Dalton, Ohio Bank Bldg., Toledo.

Tom J. Dolan, Second National Bank Bldg., Toledo.

**Oklahoma Society of C.P.A.'s***Annual Meeting—November*

**PRESIDENT**—Ross T. Warner, 602 Tulsa Loan Bldg., Tulsa.

**VICE-PRESIDENTS**—Virgil S. Tilly, 410 National Bank of Tulsa Bldg., Tulsa.

Walter D. Snell, First National Bldg., Oklahoma City.

**SECRETARY**—Albert W. Cory, 729 Hightower Bldg., Oklahoma City.

**TREASURER**—Larry Petering, 416 Liberty National Bank Bldg., Oklahoma City.

**AUDITOR**—Jack M. Cullers, 921 N. W. 35th St., Oklahoma City.

**AUDITOR**—Howard W. Hinman, 410 Petroleum Bldg., Oklahoma City.

*Oklahoma City Chapter:*

**PRESIDENT**—Howard W. Hinman, 410 Petroleum Bldg., Oklahoma City.

*Tulsa Chapter:*

**SECRETARY**—A. H. Mayginnes, Box 224, Tulsa.

**Oregon State Society of C.P.A.'s***Annual Meeting—June*

**PRESIDENT**—Ralph B. Stratford, 1045 Pacific Bldg., Portland.

VICE-PRESIDENT—C. E. Rawlinson, 1412 American Bank Bldg., Portland.

SECRETARY—Virgil G. DeLap, Citizens Bank Bldg., Portland.

TREASURER—Albert M. Niemi, 614 Morgan Bldg., Portland.

**Pennsylvania Institute of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—J. Carle Parry, Jr., 12 S. Twelfth St., Philadelphia.

VICE-PRESIDENT—Harry Ness, 301 Manufacturers Association Bldg., York.

SECRETARY—Robert J. Bennett, 506 Land Title Bldg., Philadelphia.

TREASURER—Benjamin Goldenberg, 816 Widener Bldg., Philadelphia.

*Harrisburg Chapter:*

CHAIRMAN—J. Craig Aikins, 758 Penn St., Reading.

VICE-CHAIRMAN—William R. Winn, 515 First National Bank Bldg., Williamsport.

SECRETARY—Charles J. Rowland, 2 Leitzell Bldg., State College.

TREASURER—Jack A. Shindle, Mechanics Trust Bldg., Harrisburg.

*Philadelphia Chapter:*

CHAIRMAN—John H. Zebley, 1530 Chestnut St., Philadelphia.

VICE-CHAIRMAN—C. Whitford McDowell, 1500 Walnut St., Philadelphia.

SECRETARY—T. H. Carroll, 2222 Packard Bldg., Philadelphia.

TREASURER—J. H. Schenck, 1232 Bankers Securities Bldg., Philadelphia.

AUDITOR—Ludwig zur Nieden, 1500 Walnut St., Philadelphia.

*Pittsburgh Chapter:*

CHAIRMAN—Paul W. Pinkerton, 1103 Farmers Bank Bldg., Pittsburgh.

VICE-CHAIRMAN—Robert M. Griffiths, 1239 Gulf Bldg., Pittsburgh.

SECRETARY—Ira G. Flocken, Administration Bldg., Pittsburgh.

TREASURER—Walter L. Wickard, 2913 Atcheson Ave., McKeesport.

AUDITOR—M. S. Sieger, 1606 First National Bank Bldg., Pittsburgh.

*Scranton Chapter:*

CHAIRMAN—J. Donald Notman, 222 Spring St., West Pittston.

VICE-CHAIRMAN—Frank Herbert Wills, 1431 Woodlawn St., Scranton.

SECRETARY—Earle R. Herbert, 916 Brooks Bldg., Wilkes-Barre.

TREASURER—W. D. Stowe, Municipal Bldg., Scranton.

**Puerto Rico Institute of Accountants**

*Annual Meeting—February*

PRESIDENT—William A. Waymouth, Box 1343, San Juan.

VICE-PRESIDENT—R. Sanchez Ortiz, Box 554, San Juan.

SECRETARY—J. C. Villariny, Box 554, San Juan.

TREASURER—Santos G. Ramirez, Box 1343, San Juan.

**Rhode Island Society of C.P.A.'s**

*Annual Meeting—April*

PRESIDENT—Alfred P. Ward, 111 Westminster St., Providence.

VICE-PRESIDENT—Albert E. Godfrey, 108 Colonial Road, Providence.

SECRETARY-TREASURER—William B. M. Miller, 49 Westminster St., Providence.

**South Carolina Association of C.P.A.'s**

*Annual Meeting—December*

PRESIDENT—L. A. Searson, 926 Laurens St., Columbia.

VICE-PRESIDENT—John M. Palm, Box 66, Greenville.

SECRETARY-TREASURER—C. C. McGregor, 100 National Loan and Exchange Bldg., Columbia.

**South Dakota Society of C.P.A.'s**

*Inactive*

PRESIDENT—H. H. Hobbs, Box 409, Yankton.

VICE-PRESIDENT—George A. Anderson, Aberdeen.

SECRETARY-TREASURER—C. O. Quickstad, 205 Granite Block, Watertown.



**Tennessee Society of C.P.A.'s***Annual Meeting—August*

- PRESIDENT—John H. Rawlings, 483 Shrine Bldg., Memphis.  
 VICE-PRESIDENT—Clifford D. Buffon, 438 Volunteer Bldg., Chattanooga.  
 SECRETARY—James W. Allen, 1422 Nashville Trust Bldg., Nashville.  
 TREASURER—W. H. Read, University of Tennessee, Knoxville.

*Chattanooga Chapter:*

- PRESIDENT—John I. Foster, Chattanooga Bank Bldg., Chattanooga.  
 SECRETARY-TREASURER—Clifford D. Buffon, 348 Volunteer Bldg., Chattanooga.

*Knoxville Chapter:*

- PRESIDENT-CHAIRMAN—G. W. Laws, 813 Burwell Bldg., Knoxville.  
 SECRETARY-TREASURER—W. H. Read, 1415 Highland Ave., Knoxville.

*Memphis Chapter:*

- CHAIRMAN—John H. Rawlings, 483 Shrine Bldg., Memphis.  
 VICE-CHAIRMAN—Alex L. Yancey, Bank of Commerce & Trust Bldg., Memphis.  
 SECRETARY—William A. Smith, Cotton Exchange Bldg., Memphis.  
 TREASURER—Charles W. Eader, 119 Madison Ave., Memphis.  
 AUDITOR—H. J. Everts, c/o Fargason & Co., Memphis.

*Nashville Chapter:*

- CHAIRMAN—J. A. Grannis, Stahlman Bldg., Nashville.  
 SECRETARY—E. P. Scales, Jr., American National Bank Bldg., Nashville.  
 TREASURER—L. M. Cohen, Independent Life Bldg., Nashville.

**Texas Society of C.P.A.'s***Annual Meeting—October*

- PRESIDENT—T. W. Mohle, 1101 Shell Bldg., Houston.  
 VICE-PRESIDENT—J. C. Harris, 1713 Republic Bank Bldg., Dallas.  
 SECRETARY-TREASURER—C. F. Milledge, 415 Shell Bldg., Houston.

*Houston Chapter:*

- CHAIRMAN—Walter C. Burer, c/o The Sugarland Industries, Sugarland.  
 SECRETARY—Harry D. Hopson, 1101 Shell Bldg., Houston.

*El Paso Chapter:*

- CHAIRMAN—C. M. Grider, 301 Bassett Tower, El Paso.  
 SECRETARY—J. Glenn Bixler, 1008 Mills Bldg., El Paso.

**Utah Association of C.P.A.'s***Annual Meeting—December*

- PRESIDENT—C. Irvin Fox, Federal Bldg., Salt Lake City.  
 VICE-PRESIDENT—L. H. Pierce, 1102 Continental Bank Bldg., Salt Lake City.  
 SECRETARY—Ralph L. Neilson, Walker Bank Bldg., Salt Lake City.

**Vermont Society of C.P.A.'s***Annual Meeting—June*

- PRESIDENT—C. S. Springer, 13 Oak St., Brattleboro.  
 VICE-PRESIDENT—Philip F. Jones, R.F.D. No. 3, Fairfax.  
 SECRETARY-TREASURER—Seth A. Densmore, 135 College St., Burlington.

**The Virginia Society of Public Accountants, Inc.***Annual Meeting—September*

- PRESIDENT—Robert L. Persinger, Dew Bldg., Covington.  
 VICE-PRESIDENT—Emmett P. Dallas, 426 Royster Bldg., Norfolk.  
 SECRETARY-TREASURER—A. M. Toler, 505 E. Franklin St., Richmond.

*Richmond Chapter:*

- PRESIDENT—Guy M. Scott, State-Planters Bank Bldg., Richmond.  
 VICE-PRESIDENT—A. W. Burket, American Bank Bldg., Richmond.  
 SECRETARY-TREASURER—F. L. Worcester, 1035 Mutual Bldg., Richmond.

*Tidewater Chapter (Norfolk):*

PRESIDENT—L. Dow Ledbetter, National Bank of Commerce Bldg., Norfolk.

VICE-PRESIDENT—S. N. Richardson, Law Bldg., Norfolk.

SECRETARY-TREASURER—Herbert E. Gouldman, 119 W. Tazewell St., Norfolk.

**Washington Society of C.P.A.'s***Annual Meeting—May*

PRESIDENT—Neil Sexton, 1411 4th Avenue Bldg., Seattle.

VICE-PRESIDENT—Louis E. Smith, American Bank Bldg., Seattle.

SECRETARY-TREASURER—Edward P. Tremper, Jr., 707 Securities Bldg., Seattle.

*Seattle Chapter:*

PRESIDENT—Fletcher O. Johnson, Exchange Bldg., Seattle.

VICE-PRESIDENT—R. C. Mounsey, Securities Bldg., Seattle.

SECRETARY-TREASURER—Roy C. Comer, Dexter Horton Bldg., Seattle.

*Spokane Chapter:*

PRESIDENT—A. W. Morris, Old National Bldg., Spokane.

VICE-PRESIDENT—John V. McDonald, Peyton Bldg., Spokane.

SECRETARY-TREASURER—Jesse R. Randall, Symons Bldg., Spokane.

AUDITOR—A. F. Pierce, Empire State Bldg., Spokane.

*Tacoma Chapter:*

PRESIDENT—Llewellyn F. Wing, 722 N. C. St., Tacoma.

VICE-PRESIDENT—Robert S. Stapleton, Box 1376, Tacoma.

SECRETARY-TREASURER—George J. Busch, 1307 Puget Sound Bldg., Tacoma.

**West Virginia Society of C.P.A.'s***Annual Meeting—November*

PRESIDENT—J. Earl Beatty, Peoples Bank Bldg., Charleston.

FIRST VICE-PRESIDENT—Ivan F. Jennings, 203 First National Bank Bldg., Welch.

SECOND VICE-PRESIDENT—R. L. Baughan, First Huntington National Bank Bldg., Huntington.

SECRETARY—Harry R. Howell, Kanawha Valley Bldg., Charleston.

TREASURER—Norman Fitzhugh, Kanawha Banking & Trust Bldg., Charleston.

**Wisconsin Society of C.P.A.'s***Annual Meeting—June*

PRESIDENT—Carl E. Dietze, 213 West Wisconsin Ave., Milwaukee.

VICE-PRESIDENT—Edward L. Benton, 110 E. Wisconsin Ave., Milwaukee.

SECRETARY—George D. Spohn, 110 East Wisconsin Ave., Milwaukee.

TREASURER—A. F. North, c/o Allen Bradley Co., 1326 South 2nd St., Milwaukee.

*Madison Chapter:*

CHAIRMAN—Vernon F. Houghton, 318 Norris Court, Madison.

VICE-CHAIRMAN—Ronald Mattox, R.F.D. No. 6, Madison.

SECRETARY-TREASURER—Joel S. Hendrickson, 3634 Spring Trail, Madison.

*Milwaukee Chapter:*

CHAIRMAN—M. A. Feldmann, 11 E. Wisconsin Ave., Milwaukee.

VICE-CHAIRMAN—Raymond F. Linehan, 110 E. Wisconsin Ave., Milwaukee.

SECRETARY-TREASURER—Harry Kunze, 623 W. State St., Milwaukee.

*Northern Chapter:*

CHAIRMAN—G. M. Ellingson, 209 Northern Bldg., Green Bay.

VICE-CHAIRMAN—Ronald Mabie, Stevens Points.

SECRETARY-TREASURER—L. F. Race, Green Bay.

**Wyoming Society of C.P.A.'s***Annual Meeting—December*

PRESIDENT—O. M. Cordle, Con Roy Bldg., Casper.

VICE-PRESIDENT—E. R. Jeffryes, Roach Bldg., Laramie.

SECRETARY-TREASURER—Charles S. Chapin, 405 Con Roy Bldg., Casper.

## Announcements

Boulay, Anderson, Waldo & Co. announce the removal of their offices to Northwestern Bank building, Minneapolis.

Frank J. Brummel and Frederick C. Laird announce the formation of a partnership to be known as Brummel, Laird & Company, with offices at 111 West Washington street, Chicago.

Harry Coon announces the opening of an office at 565 Union Trust building, Pittsburgh.

James A. Councilor and Wm. Gordon Buchanan announce the dissolution of the partnership of Councilor & Buchanan, Washington, D. C.

Charles S. Cowan announces the association of Albert Moss with him as a partner in C. S. Cowan & Co., Seattle.

C. Vaughan Darby and Shirley L. Kines announce the removal of their offices to 1010 Vermont avenue, Washington, D. C.

Hartshorn and Walter, of Boston, announce the admission of Thomas R. King, Earle D. Martin and John D. O'Leary to partnership in the firm.

Avis T. Hobbs announces the removal of his offices to 402-3-4 Vendome building, Nashville, Tenn.

Isenberg, Purdy & Company, of Detroit, announce a change in name to Isenberg, Purdy & Donovan.

Joseph E. Hutchinson, Joseph E. Hutchinson, Jr., Darcy R. Bonner and James B. Burleson announce the formation of a partnership to be known as Hutchinson, Bonner & Burleson, with offices in the Praetorian building, Dallas, Texas.

Ralph Janis and Frederick M. Bruell announce the formation of the partnership of Janis & Bruell, with offices at 270 Broadway, New York.

George H. Kingsley & Company announce that John Wynne Meany has been admitted to the partnership as of December 1, 1937.

Main & Company announce the removal of their Harrisburg office to the new State Street building, Third and State streets, Harrisburg.

Myer Millman announces the dissolution of the partnership of Lipson & Millman. Mr. Millman will practice as an individual, with offices at 442 Grosvenor building, Providence.

Charles E. Procasco announces the removal of his offices to the Union Trust building, 20 North Market Square, Harrisburg.

Allen Redeker & Co. announce the change of the firm name to Redeker & Stanley, suite 811-15 University building, Denver, Colo.

Mendel J. Stillman and Albert Kronenberg announce that they have formed a partnership under the firm name of M. J. Stillman & Co., with offices at 111 John street, New York, N. Y.



THE  
CERTIFIED PUBLIC  
ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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Tax Return Extensions  
Progress of the Institute  
Accountants and Tax Administration  
Visits to State Societies  
Federal Tax Legislation  
Meetings and Elections  
Announcements

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*Officers 1937-1938*

### AMERICAN INSTITUTE OF ACCOUNTANTS

135 CEDAR STREET, NEW YORK CITY

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## A Service of Inestimable Value

AMONG the services rendered by the Institute to its members—through the library, the bureau of information, the periodical publications and various committees—one of the most important is often overlooked.

In the past four years the Institute has given its members without charge four pamphlets on technical subjects of the highest importance—each of direct, practical value to accountants in their daily work.

In January, 1934, the Institute distributed to its members without charge the booklet entitled *Audits of Corporate Accounts*, containing correspondence between its special committee on coöperation with stock exchanges and the committee on stock list of the New York Stock Exchange. In January, 1936, members of the Institute received the booklet, *Examination of Financial Statements by Independent Public Accountants*, a restatement of auditing procedure, which has been accepted as a standard by the whole profession. In January, 1937, the members were sent the booklet entitled *Accounting Questions and Answers*, compiled from the files of the Institute's bureau of information. In January, 1938, the Institute provided its members with *A Statement of Accounting Principles*, prepared by Professors Sanders, Hatfield, and Moore. The actual cost of production of these booklets was considerable, but the contributions of the several distinguished authors are of inestimable value. It would have cost literally tens of thousands of dollars to employ the same men to do the same work, but the Institute, because it represents the accountancy profession, received the product as a gift.

It is reasonable to assume that in the future, as in the past, the national organization will from time to time be the medium through which the best thought of the profession on matters of utmost importance will be communicated to its individual members.

# Extensions of Time for Filing Income Tax Returns

BY VICTOR H. STEMPF \*

**M**OST taxpayers keep their books and file their income-tax returns on a calendar-year basis and, as a result, each year abnormal demands are made upon accountants for completing audits, issuing reports and compiling tax returns by March 15th. Accountants, therefore, are forced to regulate and organize their year-end work, so as to satisfy the requirements of all clients in regard to internal statements and reports to stockholders, to the Securities and Exchange Commission, the Treasury Department and other governmental authorities. Experience has shown, however, that in a great many instances, a period of two and one-half months after the close of the year is too short a time for the satisfactory completion of audit work, regular reports and tax returns. In addition to the general accounting requirements, the proper preparation of tax returns involves additional analyses of income and expense accounts to separate taxable from non-taxable items; depreciation probably has to be computed on another basis than that used for book purposes; explanatory schedules and supporting tax working papers must be prepared; and, finally, tax problems must be discussed and considered in the light of most recent developments. In many cases, therefore, it is impossible to complete returns within the time allotted, and accountants are often forced to advise clients to apply to the collector of internal revenue for extensions of time for filing the returns.

The various collectors' offices have always been cognizant of the difficulties which beset the profession in the early months of the year, and extensions have never been denied on reasonable grounds where reputable accountants were involved. In some instances, however, the extension privilege has been abused by taxpayers and, to hold extension requests to a minimum, collectors have been obliged from time to time to issue warnings that extensions would be granted only in the most meritorious cases. Accountants who were making honest efforts to avoid delays in filing returns have never been unduly alarmed by these periodic warnings, designed as they apparently were to eliminate frivolous requests and for their psychological effect on chronic procrastinators.

Early in January, 1936, however, the Bureau of Internal Revenue notified taxpayers and collectors that failure of a taxpayer or his agent to find time to close the taxpayer's books would not be considered a sufficient reason for granting an extension. This notice caused some justifiable con-

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\* Chairman, committee on Federal taxation, American Institute of Accountants.



cern among accountants, but as collectors continued to grant extensions where reasonable efforts were being made to file returns on time, no concerted objection was made to the bureau's announced policy.

In April of last year, the bureau exerted further pressure by supplanting the usual informal letter of request for extension with form 1134, designated as an application for extension of time for filing income and excess-profits tax returns. Taxpayers are now required to list under oath on this form a full recital of the causes for the delay in filing the return. Although form 1134 at first appeared to be little more than departmental red tape, accountants in general are now agreed that it gives some uniformity, as well as formality, to the applications and thereby aids collectors in their management of granting extensions.

The latest departmental notice about extensions makes it clear that a more drastic attitude is to be taken. Accountants now have real cause for apprehension, since it is apparent from the following notice issued by the collector of the Maryland district that they will have to contend with a "cracking-down" process.

## TREASURY DEPARTMENT

### INTERNAL REVENUE SERVICE

Baltimore, Maryland

January 2, 1938

#### TO WHOM IT MAY CONCERN:

For the information and guidance of all taxpayers, and in accord with internal revenue regulations, taxpayers are advised that the Commissioner of Internal Revenue desires all income-tax returns to be filed on or before the due date, March 15, 1938.

Extensions for the filing of returns can and will be granted only in extremely meritorious cases. The reasons for extensions must be definitely stated and supported by the affidavit of the taxpayer before a notary public. Illness of such a nature as to make the return in time impossible for the taxpayer, and unavoidable absence from the United States will warrant extension.

Corporations are advised that if an extension is desired the request for the same must be made by some officer of the corporation supported by an affidavit before a notary public.

Investigation discloses that requests for extensions of certain taxpayers have become habitual—in fact, almost chronic. This character of person is forewarned that such request will be subject to scrutiny, and unless found meritorious, extension will be denied.

Attorneys and accountants are advised that any request for extension must be in fact the request of the taxpayer, and not the request of the attorney or accountant; and this request must be over the signature of the applicant and under affidavit, unless such signature for satisfactory reasons cannot be obtained, in which event such request must be signed

by a duly authorized representative of said taxpayer, and likewise supported by affidavit. Attorneys and accountants are further advised that they should so regulate and organize their work as to enable their clients to comply with the instructions of the bureau. Attorneys and accountants are finally advised it has become all too apparent that the reasons assigned by their clients for extension are because the attorneys' and accountants' volume of business precludes the filing of the clients' returns in time. When this is discovered extensions will not be granted.

H. H. MAGRUDER  
*Collector of Internal Revenue*  
District of Maryland

The collector is clearly justified in *advising* attorneys and accountants to regulate and organize their work so as to enable their clients to comply with instructions of the bureau. He is *not* justified, however, in adopting an arbitrary attitude where the size and nature of a client's business preclude the filing of returns on time. As previously pointed out, experience has shown that two and one-half months after the close of the year is too short a time, in a great many instances, for the satisfactory completion of both accounting work and tax returns, and the latter must necessarily follow the former. Should the collector's unreasonable position cause the hurried preparation of returns, numerous adjustments will undoubtedly be required upon subsequent audit by the bureau; probably amended returns or claims for refund will be found necessary. All this additional effort will result in considerable expense to the taxpayer, his advisors, and the bureau. It is, therefore, to the advantage of all concerned if the returns filed in the first instance have been prepared as the result of careful study and considered judgment; this requires reasonable time.

Moreover, where extensions of time for filing returns are granted, there is no postponement of revenue to the Government, since such extensions do not operate as extensions for paying the tax, one-quarter of the estimated amount thereof being required on the original due date. Neither is the statutory time for asserting assessments affected by such extensions, as the three-year limitation on the commissioner automatically begins to run from the extended due date.

Perhaps the immediate remedy is to have the members of the tax committees of the various state societies call upon the collectors who are issuing such drastic warnings, for the purpose of coöperating with collectors and to clarify the misapprehensions which some collectors have concerning the accountants' problem. Arbitrary and dictatorial attitudes on the part of collectors certainly will *not* solve the difficulty. On the other hand, collectors are not unreasonable men and are usually eager to coöperate with taxpayers and their advisors to eliminate waste of time and expense where administrative procedures are involved.

The permanent solution, of course, is to have accountants and taxpay-

ers, in a concerted movement, secure by legislative enactment the privilege of automatic extensions of, say, sixty days, conditioned upon the filing of a tentative return and the payment of one-quarter of the estimated tax on or before the original due date. There is no sound reason for opposition to this change either from an administrative or revenue standpoint. The change becomes increasingly necessary as complications in tax matters multiply.

The Institute's committee has repeatedly sponsored this change, and has discussed the difficulties reared by the Department relative to these harsh requirements concerning extensions.



# The Contribution of the Accounting Profession to Tax Administration

BY MARK GRAVES

**B**EFORE I bite into the subject assigned me, I desire to make a few preliminary remarks. I make these in the spirit of friendliness and of advice. I have watched the work of your society for a good many years. As far back as 1919 when Isidor Sack and I were engaged in organizing for the administration of a new income tax, a committee of this society rendered us very valuable assistance. I do not see any of the men here tonight who served on that committee, but they were of very great help to us.

My observation is that your society is too modest, too self-effacing, too reticent, and too loath to claim for yourselves the recognition to which you are entitled. Let me amplify those remarks somewhat. I presume no other group of men in the state of New York know so well the deficiencies and the defects in the state tax system or the Federal revenue act or in their administration. I presume no other body of men understands better the economic effect of our taxes and, in many instances, their undesirable economic effect. I know perfectly well that if I should come to your society, as I did several months ago, and ask you to create a committee to study the matter and give me advice, you would be perfectly willing to do so.

I would like to have you consider whether or not the society's Federal tax committee should not volunteer its suggestion and recommendations, to Federal authorities and, correspondingly, your state tax committee offer the same service in respect to state matters. Speaking for the tax authorities of the state of New York, and in a sense for the Administration, we will welcome it. We do not pretend that we are "all-wise." We realize perfectly well that we do not know fully the economic consequences of some of our taxing statutes. We realize full well, although we have consulted with committees of your society and received very valuable assistance from them, that some of our rules, regulations and our requirements probably impose unnecessary hardships on the taxpayers.

Taxpayers of the state and nation not only have to pay huge tax bills, but in addition, they are required to expend large sums as the cost of tax compliance. Frequently new records must be kept, taxes withheld and numerous complicated and difficult returns filed. Such meager studies as have been made indicate that the cost to taxpayers of complying with all of our tax laws amounts to as much as one billion dollars annually. It would not surprise me if that is so.

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NOTE.—Presented by Mr. Graves, who is president of the New York State Tax Commission, as an address at the November, 1937, meeting on taxation of the New York State Society of Certified Public Accountants.

Here is where you accountants come in. We would like to have you feel that our door is open, that you can come to us without our saying that you are horning in on something that is none of your business, or having your efforts resented. We would like to have you feel that you can come to us with your suggestions and proposals. Quite likely, for reasons which will not occur to you, we cannot accept all of them, but I can assure you that they will all receive thoughtful and careful consideration.

I want to further add, that in the organization for the administration of all recent taxes we have consulted and advised with committees of your organization. I frankly admit that the administration of tax laws in this state is better than it would otherwise have been because of the advice, assistance and coöperation we have received from your organization through the committees which have represented it.

I am asked to speak tonight on the accountant's contribution to tax administration. I feel that I am somewhat qualified to do that, qualified because I have been a tax administrator for a couple of decades, at least, and have been in public finance work even longer. In addition, I have had many contacts with public accountants, both through your organization and individually. Moreover, I feel that I can speak with some authority because I am not an accountant myself. On the other hand, I am a member of the legal fraternity, so I am not prejudiced in your behalf.

Accountants have rendered in various ways valuable services and made notable contributions to tax administration, both in the Federal and state fields. In the first place, you make a contribution when you install a system of accounts for a business establishment or a taxpayer which enables him to disclose frankly and fully and clearly his taxable income. You not only render a service to him, but at the same time you render a service to the government. Moreover, you aid and assist government when you prepare the taxpayer's returns after analyzing his accounts and present the data in such fashion that the audit of the return is relatively simple and easy.

Having prepared the report, your contributions to tax administration are supplemented when called upon by supplying the data and information which is required and explaining in conferences, at informal and formal hearings the items set forth in the returns which you have prepared.

I doubt if you fully appreciate what a relief it is to the tax administrator to know that public accountants, men of your profession and society, are preparing ordinarily the more important returns that come to us, because in the last analysis the tax administrator has to accept many things on faith. Many times he judges of the accuracy of a return by the man who prepares it, or the man who comes into conference representing the taxpayer. We come to know even better than you may think that from one accounting firm or another, from one individual accountant or another accountant comes information upon which we can depend.

The cost of administration to government would be increased very perceptibly except for the contribution which accountants make in that direction—first, in establishing appropriate sets of accounts; second, in making returns; third, in supplying the supplemental information; fourth, in explaining the returns if called upon at conferences or informal or formal hearings.

In recent years, there has arisen considerable discussion concerning the practice of law by accountants. I intend to touch on that subject as I see it and as it appears to me as a tax administrator.

Nowhere in our statutes is the term “practice of law” defined. There have been a variety of judicial decisions bearing on certain aspects of the subject, but I have been unable, from an examination of as many of those decisions as I have had time to examine, to find out what “practising law” actually means. I have come to the conclusion that there is a great deal of loose thinking and, I might add, loose talking on the subject. The accountant in the tax field is a visitor of relatively recent origin. Prior to the turn of the century, the Federal government financed itself principally through the tariff and through excises such as liquor and tobacco taxes. Neither called for a high order of technical accounting training or experience. No great difficulties were encountered in the preparation of returns. State and local taxes consisted principally of the general property tax on real and personal property. True, we had an inheritance tax at a low rate, and some few minor excise taxes.

Prior to 1900, there was little accounting work in the tax administration field, and, therefore, your profession was virtually a stranger to that field, but as the country has developed, as our social and economic conditions have become very much more complex, and as the cost of government has risen, government has had to resort to other styles of taxation—such as income taxation for persons and corporations, higher estate taxes, and a great variety of taxes of the sales variety, and to cap the climax, the undistributed-profits tax inaugurated by the Federal government. I need not tell you men—you realize it better than I—that in that variety of taxes, accounting is a very important factor. In fact, without proper accounting procedure, neither the taxpayer nor the government can determine the amount of the taxpayer’s liability. Therefore, it was essential that your profession be brought into the field, essential both from the standpoint of the taxpayers on the one hand and the government officials on the other.

I recall having studied bookkeeping when I was in high school. About all that I can recall from my study of the subject is the impression I formed that bookkeeping, accounting, is merely writing history, writing the history of the transactions of a business enterprise. You could jot down, of course, in a journal each transaction as entered into (by a journal I do not mean the journal as used in the bookkeeping sense), but business

establishments, some of them, are of such vast size that the arrangement of recording transactions has a great deal to do with telling the story—of writing the history—so that it can be read and understood. There is where you men have come in and developed the technique of accounting, so that it will not only show what business transactions a man had—the volume of them, and whether he made or lost money during the year—but, as these new taxes have come along, also disclose certain data essential to the preparation of returns. You have introduced techniques, supplemental records, and what-not, so that at the proper time the required data may be produced at the minimum cost to the taxpayer and with the highest degree of accuracy.

I do not know what the taxpayers and the government would have done if there had not been a body of men trained in that technique. It is quite as important a technique as the skill of the surgeon, which, as we all know, has been improving during the past decades. There has been a challenge to your profession to develop new techniques fast enough to keep apace with the new requirements of government in the various fields of taxation, and perhaps otherwise.

It follows, of course, that, if you accountants are to develop accounting methods and establish systems of recording the financial and other transactions of business enterprises so that tax returns may be made out, you must be familiar with the laws, the regulations, the rulings and the decisions under those statutes. Otherwise, you can't know whether the accounting system which you have devised will enable your employer to produce, when tax returns are due, the various items of required data. Your employer cannot be expected to hire a lawyer to tell him what kind of an accounting system he needs and what accounts should be kept and then come to you and say, "Here is a set of specifications that my lawyer has prepared as to what my accounting system should disclose." He needs you to go ahead and prepare that kind of accounting system. There is a parallel in the case of an architect engaged to build a house. The architect is supposed to know all the zoning laws, all the building restrictions and codes and what-not; he is expected to know whatever features of the building code in the locality apply to plumbing, heating, electric wiring and so on. A man who plans to build a house does not hire a lawyer to advise him what kind of plans and specifications the architect should prepare.

I might further illustrate by taking the case of the plumber and electrician, among others, but I think I have said enough to demonstrate the point I am attempting to make, namely, that you men must know the tax laws, and the rules, regulations and decisions concerning them. You are no more practising law when, in your work of devising and installing accounting systems, you apply that knowledge than is the architect who applies his knowledge of building laws and building codes and regulations,

or the plumber who is familiar with the laws and ordinances and codes applying to his business.

Now it comes down to the question of making out returns. Obviously, the men who have devised the accounting system, who understand the meaning of accounting terms and of accounts and what they should contain, are the natural and logical men to make out tax returns. And having made out tax returns, if their clients receive letters (and I am sorry to say that we always write some letters), it is a perfectly natural and obvious thing for the accountant, who devised the accounting system and made out the return, to undertake to explain the items contained in the return. And I do not think that is practising law either. If in the explanation of them he says, "My understanding of this law or this regulation or this ruling or this decision is so-and-so," still I do not believe he is practising law, certainly not in any practical sense.

Then he is called into conference, informal hearings, and such, and again as a matter of practical administration, as a matter of the conduct of business, I fail to see why it should be necessary for the client to hire a lawyer to talk about the law, and an accountant to talk about the accounts. That just sounds ridiculous to me.

Remember, I have told you I am speaking as a professional lawyer to a group of professional accountants, and I do not undertake to say what practising law and practising accounting may mean in other fields than tax administration; I am merely trying to tell you from my own experience in tax administration, covering a good many years, what I think of the matter.

I believe the accountant is the man who is more concerned with finding out what the facts are concerning the business and of setting them up so that he and every one else can understand them—in other words, presenting them in the most understandable way, regardless of how they may affect his clients' finances, or the results so far as the state is concerned. The lawyer has a little different slant. You know we lawyers are officers of the court. We have to do what the courts tell us. If the judge says to the lawyer, "You defend this man," the lawyer has no choice; he must defend that man even though he believes and perhaps knows the accused is guilty of the offense. Therefore, the lawyer's approach is somewhat different. He is not so much concerned ordinarily with finding out what the facts are and presenting them in an understandable way; he is the advocate, he is the one employed for this particular job, and in one case he may argue one way today and next week he may be arguing precisely the opposite in another case. Under the code of ethics of the legal profession that may be done with propriety.

So if I were to outline the field, if I were to undertake to set up a fence and draw a line, I would say the line should ordinarily be drawn at the point where in a tax case you have gotten beyond the filing of the return



and the explanation of it, the conference and the informal hearing, but you are coming down to the part where a record is going to be made which may be used as the basis of reviewing the decision in the courts of the state or nation. From the time that record starts to be made, I think the lawyer should be consulted, because he is the one who is to carry the matter through the courts and he should be present while that record is being made and have a large hand in shaping it.

Now, there may be exceptions to that rule, but that is the closest approach I can make to pointing out from my own experience, based upon observation and, I like to think, some practical sense, as to just where the line of demarcation should be drawn.



# American Institute of Accountants

## Progress of the Institute

### "A STATEMENT OF ACCOUNTING PRINCIPLES"

*A Statement of Accounting Principles*, a copy of which was sent to every member of the Institute in January, has been well received. Newspaper comment in 12 different cities has aroused considerable interest, and February 1st there had been more than 1,200 orders for the booklet. Elsewhere in this bulletin is reprinted comment from the magazine *Business Week*, relating to the statement.

### "WORK TRIPS"

Late in January Frank A. Gale, assistant secretary, visited presidents of state societies in Pennsylvania, Vermont, Maine and New Hampshire. In each case he spent the better part of the day with the president and committeemen, discussing actual problems in the solution of which the Institute might be able to assist the state society. Public relations and the natural business year were the principal topics of discussion, but numerous other state society activities were also discussed. Possibility of a regional or tri-state meeting in northern New England was tentatively considered.

In February the secretary and assistant secretary will attend a meeting of the board of directors of the Connecticut Society of Certified Public Accountants for similar discussion. The assistant secretary will later confer with

officers and committee members in Massachusetts and Rhode Island.

### S.E.C.

A confidential tentative draft of a new form, designed to replace forms A-1, A-2, and E-1, has been submitted to the Institute's special committee on coöperation with the Securities and Exchange Commission for an expression of opinion. The committee is analyzing the form and will doubtless submit suggestions to the commission. Actual contents of the form have not yet been made public.

### FEDERAL TAXATION

This bulletin contains a statement on extensions of time for filing tax returns, prepared by Victor H. Stempf, chairman of the committee on Federal taxation. A copy of this statement was sent to each president of a state society of certified public accountants on January 29th, so that he might be informed without delay of the latest developments with respect to extensions.

Late in January reports were received from various sections of the country to the effect that collectors of internal revenue had refused to issue income-tax forms to accountants, stating that such forms would be supplied gratis only to taxpayers themselves, but that others might be obtained from the Government Printing Office at a nominal fee. Members of the Insti-

tute expressed so much indignation over this ruling that the secretary of the Institute addressed a letter to the commissioner of internal revenue, asking whether any modification of the rule might be expected. At the time when this bulletin went to press, no reply had been received, but the committee on Federal taxation was planning to make further inquiry.

The committee has studied the provisions of the Vinson subcommittee report on recommended amendments to the revenue acts. It appeared to the committee of no avail, however, to appear at the hearings held on this report. Not until a bill has been drafted and referred to the Senate is it possible to form a very clear idea as to just what provisions may be enacted in the law, and the Institute's committee prefers to withhold comment until the actual provisions which may be enacted can be discerned.

#### TERMINOLOGY

A meeting of the committee on terminology was held at New York on January 27th. The following were present: Henry B. Fernald, chairman; William D. Cranstoun, James L. Dohr, Charles F. Rittenhouse and John L. Carey, secretary.

After some general discussion, it was concluded that the committee would limit its consideration to a small number of terms, to be agreed upon as soon as possible, in order that definitions of such terms might be carefully studied before releasing them to members of the council. The council had already adopted a resolution under which definitions released by the committee on terminology, if approved by mail vote by three-fourths of the members of the council, would automatically become available for publication in *The Journal of Accountancy*.

#### BOARD OF EXAMINERS

The board of examiners held a meeting on January 25th, at which applications for admission to the Institute were acted on. There was also discussion of the results of the November, 1937, examinations, which were announced in *THE CERTIFIED PUBLIC ACCOUNTANT* for January. The board also selected Elijah Watt Sells prize winners at the meeting, as announced elsewhere.

#### EXECUTIVE COMMITTEE

A regular monthly meeting of the executive committee was held at New York on February 4th. The following were present: Frederick H. Hurdman, acting chairman, William C. Heaton, vice-president, Arthur W. Teele, treasurer, Lewis Ashman, Charles F. Coates, P. W. R. Glover, Paul K. Knight, Robert H. Montgomery, C. Oliver Wellington, John L. Carey, secretary. Various routine matters were considered, and the committee heard a report from the subcommittee which has been examining available buildings which might be purchased by the Institute for headquarters.

#### STATE LEGISLATION

The committee on state legislation has carefully analyzed accountancy bills submitted by committees of the Kansas and Kentucky societies of certified public accountants. An extensive memorandum on the Kansas bill was forwarded to that society in January. It recommended a substantial revision of the bill before introduction in the legislature. The Kentucky bill had been the subject of study by the Institute's committee last year, as a result of which a number of changes had been adopted. Kentucky is one of the few states in which the legisla-

ture convenes in an even-numbered year. The bill has already been introduced, under the designation House Bill No. 178. It is a bill of the two-class restrictive type, generally similar to the Michigan and Wisconsin acts.

#### PROFESSIONAL ETHICS

The committee on professional ethics has considered 16 cases during the current year, 4 of which have been closed, either on a finding that no ground for complaint existed or upon assurance from the respondent that there would be no similar cause for complaint in the future. In two or three cases the possibility of formal charges exists but final decision has not yet been reached. There has been voluminous correspondence among members of the committee ever since its appointment.

#### PUBLICATIONS

The book of proceedings of the fiftieth anniversary celebration, and the 1937 *Yearbook* of the American Institute, will appear about February 15th.

The committee on publication held a regular meeting January 24th. Routine editorial and financial matters relating to the publication of *The Journal of Accountancy* were considered.

#### MEMBERSHIP

Members of the special committee on membership in 105 cities have received lists of members of state societies, presumably eligible for admission to the Institute in their respective cities. Committee members have been requested to communicate with those indicated and report the result to headquarters. According to present plans it is believed that in this manner the question of Institute membership will have been discussed with approximately 3,000 certified public accountants by the close of the fiscal year.

#### TRADE ASSOCIATIONS

At the request of the National Association of Manufacturers, the Institute's special committee on cooperation with trade associations has approached members in all parts of the country with the request that they hold themselves ready to speak before business groups, in an effort to remove misapprehensions about business which exist in the public mind. This activity is part of a campaign to be launched by the National Association of Manufacturers, in an endeavor to place the facts about American business before the citizens of the country as a whole.

#### FEDERAL LEGISLATION

Paul W. Pinkerton, chairman, special committee on Federal legislation, has made an analysis of the Borah-O'Mahoney bill to issue Federal licenses to corporations engaged in interstate commerce. He reports that the bill would provide for extensive Federal regulation of business, including power to decide how much a corporation might accumulate as surplus, how much it should distribute as dividends, and how much it must share with its workers. Current reports from Washington do not indicate any immediate likelihood that the bill will pass.

#### GOVERNMENTAL ACCOUNTING

George P. Ellis, chairman of the special committee on governmental accounting, conferred with the assistant secretary of the Institute at Chicago on February 7th, on plans for a conference on municipal accounting and finance, which it is planned to hold in Chicago in March.

#### NATURAL BUSINESS YEAR

Reports on natural business years indicated in specific industries will soon

be forthcoming from the research department of Dun and Bradstreet, Inc., which is cooperating with the Natural Business Year Council in an effort to determine best fiscal closing dates in various trades and businesses. These reports are to be given wide publicity and will be of great economic value, in the opinion of all concerned.

Plans to secure more active support of lawyers for the principle of the natural business year are now being considered by Ralph S. Johns, chairman of the Institute's committee on the subject. Ways and means of conveying to attorneys the importance of their decision as to what the fiscal year of a new corporation shall be, are foremost in discussions which are now taking place.

### **Towey Bill**

Copies of a letter from Victor H. Stempf, chairman of the Institute's committee on Federal taxation, to Roswell Magill, Under-secretary of the Treasury, urging that full support be given to the Towey bill, known as House Bill No. 8510, were recently sent to the presidents of state societies and chapters of certified public accountants by the committee on Federal taxation.

The Towey bill provides for the repeal of section 340 of the revenue act of 1936 as amended by the revenue act of 1937. This section requires that accountants and others who advise or assist in the formation or reorganization of foreign corporations file information returns with the Treasury Department, showing in detail the advice and assistance they rendered.

The committee suggested that each state society communicate with the senators and representatives in Congress, urging them to press for the enactment of the Towey bill.

### **Secretary Visits State Societies**

Six meetings of accountants in five states were attended by the secretary of the Institute in early January.

#### **PITTSBURGH**

On the evening of January 6th, 120 members of the Pittsburgh chapter, Pennsylvania Institute of Certified Public Accountants, and their guests attended a dinner meeting at the Metropolitan Club, at which the speakers were J. Carle Parry, Jr., president of the Pennsylvania Institute, Adrian F. Sanderbeck, chairman of the Pennsylvania State Board for the Examination of Public Accountants (as well as a member of council of the American Institute of Accountants), and John L. Carey, secretary of the American Institute of Accountants. Paul W. Pinkerton, chairman of the Pittsburgh chapter, presided.

Mr. Parry outlined the work of the Pennsylvania Institute, and the services it renders its members. He sharply criticized unprofessional practices, such as competitive bidding, and showed how they impede progress.

Mr. Sanderbeck presented certificates to a number of Pittsburgh accountants who were successful in the recent Pennsylvania C.P.A. examinations. This was the first occasion on which certificates had been formally presented to candidates at a meeting of the Pittsburgh chapter.

Mr. Carey described the present condition of the enlarged national organization and outlined its program of activities. He emphasized cooperation with state societies and the program in behalf of the natural business year as major items.

During the day the president of the Pennsylvania Institute and the secre-

tary of the American Institute conferred at some length on the possibility of close cooperation between the two groups they represented. Several suggestions were weighed and arrangements were made for a later conference at Philadelphia.

#### CHARLESTON

At Charleston, W. Va., the secretary of the Institute was a guest at a dinner meeting of the Kanawha Valley Accountants Association at the Hotel Ruffner, January 7th. The retiring president of the association, M. K. Hearne, presided. About 50 members and guests, including both practising certified public accountants and privately employed accountants, were present. Mr. Carey was the principal speaker. He discussed the work of the Institute in cooperation with the Securities and Exchange Commission and the New York Stock Exchange, and other bodies, and referred to Federal legislation closely affecting accountants, such as the Robinson-Patman act, and the proposed Borah-O'Mahoney bill.

During the day the secretary conferred at length with J. Earl Beatty, president of the West Virginia Society of Certified Public Accountants; Norman S. Fitzhugh, treasurer of the society, and Carl F. Bauman, president of the state board of accountancy. One of the subjects of discussion was stimulation of interest in the affairs of the state society, and tentative plans were laid for a meeting at Charleston in June, at which accountants from other states would be speakers, and members of other Charleston organizations might be guests.

At the capitol the Institute's secretary was presented to the Governor of West Virginia, Homer A. Holt, with whom there was a brief discussion of

state board problems. The secretary was also introduced to Ernest K. James, state tax commissioner.

#### HUNTINGTON

At Huntington on Saturday, January 8th, the secretary lunched with Robert L. Baughan, vice-president of the West Virginia society, and dined with eight certified public accountants of the city. There was informal discussion of numerous professional problems, among them ways and means of strengthening the state society. The suggestion was offered, and received with favor by all present, that an informal association of all certified public accountants in Huntington be formed to serve as a medium for exchange of information and opinion among local practitioners.

#### CINCINNATI

A conference to discuss plans for the annual meeting of the Institute, to be held during the week of September 26, 1938, in the Netherland-Plaza, Cincinnati, was held in that hotel on the afternoon of Sunday, January 9th. All the officers and directors of the Ohio Society of Certified Public Accountants, the president of the Cincinnati chapter, the Institute's committee on meetings, all of the members of which reside in Cincinnati, and the secretary of the Institute were present. The convention manager of the hotel also attended the meeting for a time. Tentative arrangements for each of the four days of the meeting were blocked out. All the necessary facilities of the hotel were definitely reserved. Preliminary budget estimates were discussed and the character and scope of entertainment to be provided were considered.

The directors of the Ohio Society held a regular meeting after the confer-

ence and voted to cooperate fully with the Institute's committee in arranging the meeting.

#### LOUISVILLE

The secretary of the Institute arrived at Louisville in the evening of Monday, January 10th, and was met by Kenneth White, president of the Kentucky Society of Certified Public Accountants, who was accompanied by Mrs. White and Mr. William L. Yaeger. On the following day the secretary conferred with S. W. Eskew, chairman of the Kentucky Society's legislative committee, which was considering certain amendments to the C.P.A. law, and with Robert Miller, secretary of the State Board of Accountancy of Kentucky. In the evening a meeting of the Kentucky Society was held at the Pendennis Club at which the secretary was principal speaker. His address was followed by questions and informal discussion from the floor. Mr. White presided and about thirty members were present. Later there was round-table discussion of problems related to Kentucky state tax regulations.

#### INDIANAPOLIS

On Wednesday, January 12th, the secretary was a guest of the Indiana Association of Certified Public Accountants at a meeting held at the Lincoln Hotel, Indianapolis. O. C. Herdrich, president of the Indiana Association, presided. The secretary of the Institute discussed the program of the national association and its plans for cooperation with state societies, and his remarks were followed by a number of questions. George P. Ellis, a member of the council of the Institute and chairman of its special committee on governmental accounting, and Carl H. Chatters, executive director of the Municipal Finance Officers Association and

secretary of the National Committee on Municipal Accounting, both of Chicago, were also present at the meeting, having come to Indianapolis on behalf of the National Committee. They both spoke briefly on municipal finance, accounting and auditing.

At luncheon the secretary of the Institute was the guest of John S. Lloyd, secretary of the Indiana Association, and later in the afternoon the Institute's secretary was invited to attend a meeting of the directors of the Indiana Association at which plans for the coming months were discussed.

### Municipal Accounting Conference

A national conference on municipal accounting and finance will be arranged in Chicago March 28-29 by the American Institute of Accountants. The program will present problems of interest to municipal finance officers and other governmental officers; certified public accountants engaged or interested in municipal and other governmental audits; bankers, business executives, surety company executives, taxpayers' associations and other groups; investment bankers, members of the bar and others.

George P. Ellis, Chicago, member of council of the American Institute and chairman of its special committee on governmental accounting, is in charge of arrangements for the conference, which has been authorized by the executive committee. Tentative plans call for sessions covering a period of two days, devoted to round-table discussions and presentation of papers and reports covering a wide range of subjects related to municipal accounting and finance.

Individuals and groups interested in the problems to be taken up at the Chicago sessions already have indi-

cated their intention to attend the conference and to take active part in the program. The staff of the Institute is cooperating with Mr. Ellis in planning for the meeting.

Announcements of the meeting place and dates for the conference will soon be sent to all persons and groups interested in the problems to be discussed.

In conjunction with early plans for the coming Chicago conference, the council of the American Institute of Accountants adopted a resolution at the fiftieth anniversary meeting on October 22nd as follows:

“Resolved, that with a view to relieving the burden on taxpayers and promoting honesty and efficiency in government administration, the council of the American Institute of Accountants recommends adoption by municipal and state governments of the accounting principles laid down by the National Committee on Municipal Accounting, and be it

“Further resolved, that the principle of independent audit should be applied as widely to the accounts of government units as is the practice in commercial organizations.”

Readers of **THE CERTIFIED PUBLIC ACCOUNTANT** interested in the forthcoming conference in Chicago may secure further details about program, registration and other points from headquarters of the American Institute of Accountants, at 135 Cedar street, New York.

### **Trade Regulation Laws**

Three bulletins, charting the provisions of resale-price-maintenance laws, laws prohibiting sales below cost, and anti-discrimination laws in the several states, have been prepared by the Automobile Manufacturers Association and distributed by Trade Association Service, Summit, N. J.

### **State Legislation**

A bill sponsored by the Kentucky Society of Certified Public Accountants, introduced in the state legislature on January 20th, would have the effect of repealing the existing accountancy law and substituting for it an act of the two-class restrictive type. The bill is designated H. 178.

### **Change in Requirements for New Jersey C.P.A.**

It was announced on January 25th that the New Jersey State Board of Public Accountants had adopted amendments to its rules relating to educational and experience requirements. The changes will not be effective until January 1, 1941. One change will require candidates to complete study in an approved college or school of accountancy and business administration, in addition to a four-year high-school course or equivalent. Another amendment reduces from three to two years the requirement of experience in the office of a certified public accountant before issuance of a certificate. Candidates who have been admitted to examination but have failed to pass in all subjects prior to January 1, 1941, shall be permitted to enter the examinations on the same basis until January 1, 1944.

### **Award**

Robert H. Montgomery, past president of the Institute, has been awarded a parchment scroll by John W. Davis, chairman of the United Hospital Campaign, in appreciation of his services rendered during the recent appeal to aid the 92 voluntary hospitals of New York and the Visiting Nurse Association of Brooklyn.



## International Congress

William H. Ball, of Detroit, has been appointed a member of the Institute's delegation to the International Congress on Accounting at Berlin, September 19-24, 1938. As previously announced John F. Forbes, of San Francisco, will serve as chairman of the delegation.

## Scholarship Prizes

The board of examiners has awarded the Elijah Watt Sells gold medal for first prize in the November, 1937, examinations to Donald T. Nelson of Portland, Oregon. The silver medal for second prize was awarded to Robert W. Cherry of Wollaston, Massachusetts. The following received honorable mention: Winthrop Newcomb of Needham, Massachusetts; Joseph W. Didrickson of Evanston, Illinois; Joseph E. Van Wormer of Portland, Oregon. These five men received the highest grades among approximately 1,200 candidates who sat for the Institute's examinations last November before cooperating state boards.

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Max A. Saunders, of Alvadore, Ore., and Albert J. Henke, of Portland, Ore., winners of the Elijah Watt Sells medals for excellence in the May, 1937, examinations held under the plan of cooperation between the Institute and the state boards, received the awards at a meeting of the Oregon State Society of Certified Public Accountants held at Portland on November 17th. The gold medal for highest grades went to Mr. Saunders and the silver medal for next highest to Mr. Henke. The awards are made twice a year by the Institute from a fund established in honor of Mr. Sells, a former president of the Institute.

## Civic Service

Members of the Denver Chamber of Commerce recently received from the chairman of their taxation advisory council a communication explaining the steps taken by the chamber's budget committee to devise a plan for balancing the city budget. The letter ends by stating that the committee includes seven certified public accountants, three attorneys and eighteen business executives.

## Warning

The Florida Institute of Accountants has undertaken to inform the public of the activities of unaccredited persons representing themselves as "Federal income tax experts" or "tax counselors." The Florida Institute recently published in its bulletin the text of an advertisement requesting taxpayers to report the names and addresses of any person or persons soliciting Federal income tax work or auditing engagements. Members were urged to insert the advertisement in local newspapers.

## Impostor

A case has been reported in which a man claiming to be a former revenue agent called upon a New York certified public accountant and offered to arrange, presumably for a consideration, to have the accountant engaged to act in an important tax case. At the close of the interview, the self-styled agent stated that it would be necessary for him to confer with the prospective client in another city and requested the loan of railroad fare. The whole proposal was rejected, and subsequently it was disclosed that the man had made the same offer to another accountant in the same building. The facts are published here for information.

## Committee Appointments

The president has appointed the following committees to serve for the fiscal year 1937-1938, in addition to those announced in the December and January issues:

### SPECIAL COMMITTEE ON COMMERCIAL ARBITRATION

J. Pryse Goodwin, *chairman*, New York  
 James F. Hughes, New York  
 Hobart S. Hutzell, West Virginia  
 Charles F. Rittenhouse, Massachusetts  
 Lewis Sagal, Connecticut  
 D. G. Sisterson, Pennsylvania  
 Clarence S. Springer, Vermont  
 Henry M. Thomson, California  
 Lewis Wintermute, Ohio

### SPECIAL COMMITTEE ON COÖPERATION WITH CREDIT MEN

William R. Donaldson, *chairman*, New York  
 John Fraser, New York  
 J. H. Gilby, Illinois  
 Judson E. Krueger, California  
 John J. Lang, Missouri  
 C. Whitford McDowell, Pennsylvania  
 Henry J. Miller, Louisiana  
 Herman C. J. Peisch, Minnesota  
 G. C. Shannon, Pennsylvania  
 Lloyd B. Smith, Texas  
 Conrad B. Taylor, New York  
 David McEwan Watson, Colorado  
 J. Russell Wharton, Indiana  
 Arthur W. Yardley, Massachusetts

### SPECIAL COMMITTEE ON COÖPERATION WITH SECURITIES AND EXCHANGE COMMISSION

Since publication of the December issue, the following additional members have been appointed to serve on this committee:

Paul K. Knight, New York  
 Warren W. Nissley, New York

### SPECIAL COMMITTEE ON MEMBERSHIP

William D. Morrison, *chairman*, Denver, Colo.

#### *Alabama*

William J. Christian, Birmingham  
 Gilbert F. Dukes, Mobile  
 Edward O. Harper, Montgomery

#### *Arizona*

J. A. Smith, Phoenix  
 Patrick J. Walsh, Tucson

#### *Arkansas*

Warren E. Banks, Hot Springs  
 L. B. Croft, Little Rock  
 Caddie H. Kinard, El Dorado  
 Glenn A. Railsback, Pine Bluff

#### *California*

Philip A. Hershey, San Francisco  
 Robert J. McCoy, Los Angeles  
 George W. Sims, Fresno

#### *Colorado*

F. Tillman Brownne, Denver

#### *Connecticut*

Charles F. Coates, Hartford  
 J. William Hope, Bridgeport  
 C. L. Johnson, New Haven

#### *Delaware*

Alfred H. Coe, Wilmington

#### *District of Columbia*

Joseph G. Motyka, Washington

#### *Florida*

Russell S. Bogue, Tampa  
 J. I. Keller, Miami  
 Charles C. Potter, Orlando  
 E. Russell Sheldon, St. Petersburg  
 Paul R. Smoak, Jacksonville

#### *Georgia*

Brooks Geoghegan, Macon  
 Stephen B. Ives, Atlanta  
 William F. Loflin, Columbus  
 Henry F. Meyer, Savannah

*Idaho*

Marvin McCarty, Boise  
Edwin A. Wilson, Twin Falls

*Illinois*

Henry B. Clyde, La Grange  
Dix D. Dewey, Elgin  
Joseph G. Dingle, Ottawa  
Edward J. Filbey, Urbana  
Gilbert B. Geiger, Peoria  
Harry A. Houston, Paris  
Edward L. Kinney, Jacksonville  
Arthur L. Podolak, Aurora  
Wayne E. Pollard, Rockford  
Jackson W. Smart, Chicago

*Indiana*

George B. Buist, Fort Wayne  
George R. Hill, Michigan City  
John S. Lloyd, Indianapolis  
Earl E. Thomas, Evansville  
J. Russell Wharton, South Bend

*Iowa*

J. E. Bemis, Des Moines  
R. J. Allison, Davenport  
M. E. Brooks, Dubuque  
Edgar S. Gage, Mason City  
B. J. Meltzer, Cedar Rapids  
W. A. Shute, Waterloo  
P. G. Wilson, Sioux City  
Sidney G. Winter, Iowa City

*Kansas*

Joseph K. Brelsford, Topeka  
Stanley Spurrier, Wichita

*Kentucky*

L. C. J. Yeager, Louisville

*Louisiana*

Ralph B. Eglin, Shreveport  
Harry G. Frazer, Monroe  
Robert B. Hawthorn, Baton Rouge  
Edward S. Rittler, New Orleans

*Maine*

Harold Jordan, Portland

*Maryland*

John L. McKewen, Baltimore

*Massachusetts*

William L. Esterberg, Worcester

Rupert W. Jacques, Lynn  
Harry I. Kessler, Boston  
Theodore F. Woodward, Springfield

*Michigan*

H. Glenn Huffman, Detroit  
Eric Todd Stringer, Lansing  
Arnold J. VanKeppel, Grand Rapids

*Minnesota*

Leonard J. Byers, St. Paul  
Richard L. Federman, Minneapolis  
Karl F. Honigman, Duluth

*Mississippi*

Roy C. Brown, Meridian  
W. Q. Sharp, Jackson  
L. A. Williams, Greenwood

*Missouri*

Claire S. Dobson, Joplin  
Lee J. Muren, St. Louis  
Harry L. Stover, Kansas City

*Montana*

George F. DuVall, Missoula  
William B. Finlay, Great Falls  
Hugh D. Galusha, Helena  
Anton Gerharz, Billings  
A. J. Rowland, Miles City

*Nebraska*

Ellsworth L. Fulk, Lincoln  
Harry E. Judd, Omaha

*Nevada*

George K. Edler, Reno

*New Hampshire*

J. Ben Hart, Manchester  
Clarence H. Wright, Nashua

*New Jersey*

Robert T. Allen, Elizabeth  
Frederick Banks, Trenton  
William F. Connolly, Belleville  
James J. Hastings, Newark  
Ralph S. Johns, West Orange  
George H. Kingsley, Hackensack  
Charles L. Hughes, Jersey City  
Robert P. S. Miller, Camden  
Edward Orange, Hoboken  
A. B. Rosenthal, New Brunswick  
Aaron Smith, Atlantic City

E. O. Stevens, Asbury Park  
James L. Turner, Bridgeton  
John J. White, Paterson

*New Mexico*

W. E. Hammond, Albuquerque

*New York*

John M. Boyce, Buffalo  
Charles F. Carr, Syracuse  
William J. Forster, New York  
Raymond J. Hannon, Troy  
Otto A. Shults, Rochester

*North Carolina*

Albert H. Blake, Asheville  
Charles E. Elberson, Winston-Salem  
Leslie A. Heath, Charlotte  
George E. Perrin, Greensboro  
George R. Poole, Raleigh

*North Dakota*

Palmer C. Bakken, Bismarck  
Arthur Blegen, Fargo  
Edward W. Brady, Grand Forks

*Ohio*

Gordon S. Battelle, Dayton  
James P. Cornet, Columbus  
H. Leo Dalton, Toledo  
Ralph F. Mateer, Warren  
Howard E. Murray, Akron  
Edward L. Pitt, Cleveland  
Abner J. Starr, Cincinnati

*Oklahoma*

John R. Cowan, Tulsa  
O. R. Davis, Oklahoma City

*Oregon*

I. D. Wood, Portland

*Pennsylvania*

J. Craig Aikins, Reading  
Michael D. Bachrach, Pittsburgh  
I. Russell Bush, Philadelphia  
John B. Harris, Lancaster  
Charles E. Procasco, Harrisburg  
John T. Stapleton, Wilkes-Barre

*Rhode Island*

Paul A. Jacobson, Providence

*South Carolina*

J. Wesley Hunt, Columbia

Merrill C. Patten, Greenville  
Oscar W. Schleeter, Charleston

*South Dakota*

Frank L. Pollard, Watertown  
Henry A. Scholten, Sioux Falls

*Tennessee*

Clifford D. Buffon, Chattanooga  
H. F. Hinderer, Johnson City  
H. Clay Jones, Knoxville  
Fred G. Page, Nashville  
G. A. Watson, Memphis

*Texas*

John B. Allred, Wichita Falls  
Walter C. Burer, Sugar Land  
Clifton H. Morris, Fort Worth  
H. T. Nelson, Dallas  
F. G. Rodgers, San Antonio

*Utah*

Wilford A. Beesley, Salt Lake City

*Vermont*

Charles F. Brooks, Montpelier  
Seth A. Densmore, Burlington  
Clarence S. Springer, Brattleboro

*Virginia*

Clyde A. Brown, Roanoke  
James A. Daniels, Newport News  
George T. Durham, Richmond  
Alfred N. Hilton, Norfolk

*Washington*

Howard S. Bell, Spokane  
E. F. Chabot, Seattle  
Maurice F. Egan, Everett  
Robert T. Knight, Tacoma

*West Virginia*

Jesse L. Cramer, Parkersburg  
Okey K. Hayslip, Huntington  
Harry R. Howell, Charleston  
Hobart S. Hutzell, Wheeling  
Louis F. Tanner, Morgantown

*Wisconsin*

Willard E. Crim, Kenosha  
Carl E. Dietze, Milwaukee  
Karl F. McMurry, Madison  
Norman E. Schley, Waukesha  
Clifford I. Smith, Green Bay

Charles F. Sutor, LaCrosse  
Clarence Wipfli, Wausau

*Wyoming*

Ossie M. Cordle, Casper  
Kenneth Cox, Sheridan  
Hosea Hantz, Cheyenne

### Coöperation with Bar

The Pennsylvania Institute's committee on coöperation with the bar association recently rendered an interim report relating the results of its participation in a meeting of the Pennsylvania State Bar Association held at Hershey, Pa., on January 7th. Horace P. Griffith, chairman of the committee, addressed the meeting and suggested that the bar association appoint a committee on coöperation with the Pennsylvania Institute. At a later session of the meeting such a committee was appointed, consisting of three lawyers—one from Harrisburg, one from Pittsburgh and one from Philadelphia. Mr. Griffith concluded his report as follows: "The cordial relationship that exists between the lawyers and accountants in our Commonwealth seemed to be emphasized at this January 7th meeting."

Members of special committees of the New Jersey State Bar Association and the New Jersey Society of Certified Public Accountants recently held a dinner meeting for discussion of relations between the two professions. Seventeen persons were present representing, in addition to the New Jersey Society, five of the principal New Jersey county bar associations. John T. Madden, chairman of the New Jersey Society's committee, presided and almost all present contributed to the discussion. John A. Conlin, president of the New Jersey Society, attended.

### Lecture and Study Group

Twenty-eight members of the Institute attended a dinner at the Town Hall Club, and about 25 came in later for discussion of "New York state franchise and income taxation," led by Leo Mattersdorf, under the auspices of the Institute's New York lecture and study group on January 17th. Harold J. Bearsto, a member of the informal committee on lecture and study group, introduced the speaker.

At a committee meeting held prior to the dinner, it was decided that the next meeting be held Monday, March 28th, and that discussion be based on specific sections (to be announced later) of *A Statement of Accounting Principles*. Samuel J. Broad and Professor Roy B. Kester have agreed to lead the discussion at that time. One will approach the subject from the viewpoint of a practising public accountant, the other from an academic viewpoint.

### Ex-Officio Officers

A proposal that each past president be, ex officio, a member of the board of trustees will come before the next annual meeting of the Georgia Society of C.P.A.'s as an amendment of the by-laws.

### Arbitration Journal

At the close of 1937 *The Arbitration Journal*, published by the American Arbitration Association, completed the first year of its existence. An index to this first volume accompanied the January, 1938, issue. In addition to signed articles, the volume contains news and notes of American commercial arbitration, American industrial arbitration, inter-American and foreign arbitration, arbitration law and book reviews.

## Progress of Federal Tax Legislation

Report of a subcommittee, headed by Representative Vinson, to the House committee on ways and means, headed by Representative Doughton, on proposals for drastic revision of the Federal revenue laws, and subsequent hearings on that report before the full committee, were the principal events in the field of taxation during the past month.

### UNDISTRIBUTED-PROFITS TAX

The Vinson subcommittee submitted its report on January 14th. It contained the following comment on the undistributed-profits tax:

"Your subcommittee has devoted special consideration to the surtax on undistributed profits, since it is a new tax and has been the subject of much criticism. The criticisms most often made may be listed as follows:

"1. It discourages, in many cases, legitimate business expansion, and therefore has an adverse effect on employment.

"2. It puts a penalty on corporations which find it necessary to use current earnings in the payment of debts.

"3. It burdens the small and weak corporation more than the large and financially strong corporation.

"4. It is unfair to corporations with impaired capital which under state law cannot legally declare dividends.

"5. The relief provisions of existing law dealing with corporations having contracts not to pay dividends or contracts requiring the use of current earnings for the payment of debts are so restrictive as to provide relief only in rare cases.

"Your subcommittee has examined these complaints and believes there has been much exaggeration as to hardships in the great majority of cases. It is believed, however, that a substantial

number of cases of hardship exist and that in such cases there is merit in the complaints. It appears almost impossible, however, to design general relief provisions broad enough to take care of these meritorious cases without a very serious loss of revenue."

The following facts should be observed, the committee said:

"First, in the aggregate, corporations distributed 81.2 per cent. of their adjusted net income (i.e., net income minus liberty-bond interest minus normal tax).

"Second, the corporations with large net incomes distributed proportionately substantially more of their adjusted net incomes than was the case with the corporations with small net incomes. For example, corporations with net incomes of less than \$5,000 only distributed about 36 per cent. of their adjusted net incomes, while corporations with net incomes in excess of \$5,000,000 distributed over 90 per cent. of their adjusted net incomes.

"Third, the effective rate of normal tax and surtax combined on the aggregate net income of corporations was 13.26 per cent.

"Fourth, depreciation deductions reduced the amount of the net income before the deduction of such allowance. Depreciation deductions amounted to nearly one and one-half billion dollars in the case of these 144,914 corporations, and, in the average case, a substantial portion of these depreciation reserves are, as a practical matter, available for plant expansion and improvements.

"Fifth, the deduction for officers' salaries in the case of the smaller corporations is proportionately substantially more than in the case of the larger corporations. For example, corporations with net incomes of less than \$5,000, paid out in officers' salaries nearly 80 per cent. of their incomes before the deduction for such salaries, while corporations with net incomes in excess of \$5,000,000 paid out in officers'

salaries only about  $1\frac{1}{4}$  per cent. of their net incomes before the deduction of such salaries.

"On the basis of the facts, your subcommittee believes that the principle of the undistributed-profits tax is sound and should be retained.

"However, it is believed that it should be substantially modified.

"In the first place, it appears that cases of hardship are numerous. This is especially true in the case of the smaller corporations, although this hardship is somewhat reduced by the deduction for officers' salaries.

"In the second place, your subcommittee is of the opinion that the tax should not be framed as an additional tax on undistributed earnings, but on the basis of a flat tax rate with a premium or credit which will give reasonable encouragement to the distribution of dividends. It is believed that the basic tax rate should not be so high as to create undue hardship when for any reason divided distributions are impractical.

"In the third place, your committee believes that the smaller corporations with net incomes of less than \$25,000 should be taxed on a graduated basis at rates lower than the basic rate and without regard to dividend distribution."

#### SUBCOMMITTEE'S RECOMMENDATIONS

The subcommittee's recommendations are summarized as follows:

That corporations earning \$25,000 a year or less be exempt from the undistributed-profits tax and pay normal taxes as follows:  $12\frac{1}{2}$  per cent. on the first \$5,000; 14 per cent. on the next \$15,000; and 16 per cent. on the remaining \$5,000.

That corporations earning more than \$25,000 a year pay a combined income and undistributed-profits tax of 16 to 20 per cent., depending on the amount of earnings distributed.

That corporations rising from one class to the other be given the option of

paying taxes under a complicated "notch" provision designed to level out the jump from one category to the other. For the purpose of the undistributed-profits tax, a one-year carry forward of losses is recommended.

Special treatment was decided on for closely held corporations. Corporations of that type which earn less than \$50,000 a year and distribute at least 60 per cent. of their income in dividends would pay practically no tax. Others would be subject to another flat 20 per cent. on the amount remaining after deducting from income \$40,000 or 30 per cent., whichever is greater, the regular 16 to 20 per cent. tax, and dividends paid.

Regarding capital gains and losses, the committee recommended:

That taxpayers with losses, now limited to a deduction of \$2,000, be permitted to carry over any losses above \$2,000 to offset against gains the following year.

That profit-taking be encouraged by granting maximum relief from the tax at the end of five years instead of ten as at present though the lowest percentage of gain to be recognized is to be increased from 30 to 40 per cent.

That taxpayers whose personal incomes are high be given the option of paying a flat 40 per cent. tax on the recognized capital gain, if that should be less than the surtax rates otherwise applicable.

It is also recommended that the commissioner of internal revenue be authorized to issue binding, declaratory rulings on contemplated transactions, which would permit a taxpayer to know definitely in advance his tax liability.

#### VIEWS OF THE UNDER-SECRETARY

When hearings by the full ways and means committee opened on January

15th, Roswell Magill, Under-secretary of the Treasury, was the first to be heard. He indicated his approval of the changes proposed by the subcommittee and mentioned other changes which might be made at some future time. His suggestions, briefly stated, were as follows:

1. Integration of the Federal and state taxing systems and the elimination of present overlapping of particular forms of taxes.

2. Elimination, as to future issues, of the exemption now accorded by the state and Federal governments to the interest on Federal, state and municipal securities and to the income of Federal, state and municipal employees.

3. Gradual repeal of additional manufacturers' excise taxes imposed on a temporary basis, and substitution for them, if necessary, of other forms of taxes.

4. Consolidation of the estate tax and the gift tax, to end the present confusion as to which tax is applicable to certain forms of intervivos transfers, and to apply a single set of rates to all transfers made by an individual during his life and at the time of his death.

5. Simplification and consolidation of the administrative provisions of the various forms of taxes, in particular of the procedure for suits and appeals involving deficiencies and refunds.

6. Further provision for the application of net operating losses of one year against the net operating income of subsequent years.

7. Improvement of provisions for exemptions and credits, including the personal exemptions, the earned-income credit, and possible adoption of the former credit against the normal tax for dividends received by an individual.

#### OTHER TESTIMONY

M. L. Seidman, of New York, a member of the American Institute of Accountants, appearing as chairman of the tax committee of the New York Board of Trade, urged immediate repeal of the undistributed-profits and capital-gains taxes.

Henry B. Fernald, of New York, also a member of the Institute, appeared on January 20th as a member of the committee on Federal finance of the Chamber of Commerce of the United States. Mr. Fernald endorsed in principle the recommendations of the subcommittee and suggestions for further amendment of the law.

Among others who testified at the hearings were R. V. Fletcher, general counsel of the Association of American Railroads, Frank E. Gannett, newspaper publisher, James J. Minot, Jr., vice-president of the Investment Bankers Association of America, H. Borden Spalding, representing the National Association of Manufacturers, and Morris S. Tremaine, comptroller of the state of New York.

Mr. Gannett, Mr. Minot, and Mr. Tremaine advocated outright repeal of the undistributed-profits tax.

As this bulletin goes to press the ways and means committee is expected to report the proposed tax bill shortly.

#### "The Woman C.P.A."

Volume 1, copy 1, of *The Woman C.P.A.*, bi-monthly bulletin of the American Woman's Society of Certified Public Accountants, made its appearance on December 1, 1937. The new publication observes that there are 125,000,000 persons in the United States, of whom 125 are women certified public accountants and adds, "Have you stopped to think that you are *one in a million?*"



## Assistant Secretary Visits State Societies

As an important step in the Institute's effort to formulate a practicable program of coöperation with state societies, Frank A. Gale, assistant secretary, conferred with officers of four state societies in January. The specific purpose of the trip was to assist each state society, if possible, in expanding and intensifying its activities to as great an extent as its membership and means would permit, and second, to discover what tangible assistance the Institute could render each society in accomplishing this purpose.

### SUBJECTS OF DISCUSSION

As a basis for discussion there were available the following:

(a) A draft of a tentative program of activities for a state society of certified public accountants, prepared by the secretary of the Institute and the staff, containing a complete outline of a typical program which might be adopted by any society. The tentative outline was based upon an analysis of all present activities of existing state societies. The activities were classified according to their nature and their importance, and those which were believed to be indispensable were analyzed and presented in the outline as a minimum program. It is planned, after revision in the light of criticism, to submit the tentative program to all state society presidents in the spring.

(b) A tentative public relations plan book, prepared by the assistant secretary, indicating precisely what steps should be taken by the chairman of a public relations committee to obtain proper publicity for a meeting of a state society, and to develop a general public-relations program for the so-

ciety. This book also, after revision in the light of criticism, will be circulated among the state societies in the spring.

(c) A program of local activities on behalf of the natural business year. This pamphlet was prepared by the Institute's staff two years ago and has been widely used as a basis for efforts of state society committees to educate local business men to the advantages of the natural business year.

(d) Reports on natural business years for specific industries, which are being prepared by the research department of Dun and Bradstreet, Inc., at the request of the Natural Business Year Council, to assist business men in selecting fiscal years suitable to the types of activity in which they are engaged.

(e) The speakers' bureau, now maintained by the Institute, through which state societies may obtain speakers from within or without the profession for monthly, annual or regional meetings.

In addition, the assistant secretary discussed with the several state society officers and committeemen the possibility of the Institute's actually assisting in planning programs for annual or regional meetings of state societies; or in mimeographing excerpts from addresses at such meetings, or excerpts from reports of committees, for mailing to select lists of business and professional men, or to the members of the society.

### RECORD OF MEETINGS

At Philadelphia, on January 25th, the assistant secretary conferred with J. Carle Parry, Jr., president of the Pennsylvania Institute of Certified Public Accountants, and with F. Ralph Wheeler, member of the Pennsylvania Institute's committee on natural business year, and A. B. Waldbaum,

chairman of the Philadelphia Chapter's committee on public relations.

In Vermont, Mr. Gale spent the entire day of January 27th, with Clarence S. Springer, president of the Vermont Society of Certified Public Accountants, at Bellows Falls. It was brought out that Vermont's chief problem was a small membership which is widely scattered through the state, but the discussion indicated a number of ways, despite this handicap, in which the society might accomplish much for the good of the profession.

On January 28th, the assistant secretary of the Institute met with Richard M. Millett, president of the Maine Society of Public Accountants, at Portland. He also conferred with James A. Noon, chairman of the society's public relations committee, and Richard M. Baker, chairman of the society's committee on natural business year. In the evening there was a dinner meeting of about 30, arranged by R. G. Johnson, chairman of the meetings' committee, at which the assistant secretary outlined the purpose of his visit to the state and told of the Institute's plans for coöperation with state organizations.

On January 29th, the assistant secretary conferred with J. Ben Hart, president of the New Hampshire Society of Certified Public Accountants, in Manchester, and with Hiram B. Haskell, vice-president of the state society, and Percival H. Green, chairman of the committee on natural business year, and Clarence I. Drayton, chairman of the public relations committee.

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Eschol E. Parsons, of Tulsa, addressed the members of the Argo Club, Tulsa, on the subject "Taxation," at a meeting on November 30th.

### "Opinion" or "Certificate"

In response to a request for suggestions of topics for discussion at a roundtable on "Accountants' certificates," held at the recent annual meeting of the Institute, James H. Wren, of New York, leader of the discussion group, received from Homer S. Pace, also of New York, a letter from which the following paragraphs of general interest are quoted:

"A certificate should be a statement of opinion and not of fact. I refer you to the famous Ultramares case and the editorial comment on this case in *The American Accountant* of February, 1931, a copy of which can be reviewed in the library of Pace Institute. I think this editorial would be of particular interest and help to you as chairman of the meeting. It is dangerous business (and usually quite unnecessary) to certify to a state of fact such as the one that the 'statement is in accordance with the books.'

"An additional thought is that it is not desirable, or even proper, to certify to an opinion. It is ludicrous to say that we 'certify that in our opinion, etc.' It is correct enough to certify to a state of facts, if you want to take the chances, but it is quite improper to certify to as nebulous a thing as an opinion—that is, to a state of mind.

"Finally, it would be much better if we contented ourselves with the idea that our little official addendum is an opinion rather than a certificate. Perhaps that is too much to hope for when we consider how deeply imbedded the word 'certified' is, as well as the word 'certificate,' in our professional consciousness. Even though we must still continue to call the language a certificate, let us word it like an opinion. Let us say, for example, 'In our opinion the above balance-sheet presents, etc.' Any qualifications can be included that are considered necessary.

"Summing it all up, a certificate (if we call it a certificate) should be an opinion with such qualifications or amplifications as the particular case may require."

### "A Statement of Accounting Principles"

Publication by the Institute of *A Statement of Accounting Principles* brought widespread comment in the public press. Because of its general interest the following article which appeared in *Business Week*, issue of January 8th, is quoted in full:

#### ACCOUNTING RULES

*After 500 years, something is at last done to codify definite principles.*

Back in 1932, the New York Stock Exchange in collaboration with the American Institute of Accountants took up where the 15th century Italians left off. They tried to formulate a few basic standards for making corporation reports so that corporations in talking to stockholders would all talk the same language. But the result, though constituting a substantial contribution to standard accounting practices, was at best sketchy.

Yet there was one direct accomplishment. Shortly thereafter, certified public accountants, in certifying corporation accounts, began using the phrase "in accordance with accepted principles of accounting consistently maintained." But nobody could be entirely sure just what the "accepted principles of accounting" were.

The Securities and Exchange Commission from time to time has raised eyebrows at the so-called "accepted principles." Indeed, only last week S.E.C. Commissioner Healy informed the American Accounting Association of the need for standardization in keeping corporate books. He said the commission intended to do something about the lack.

And this week, as if in answer to the commissioner's prayer, the American Institute of Accountants has brought forth a report of three professors which sets forth definite principles of accounting. Most accountants will accept these principles as outlined in the study as "self-evident." They might be described as the axioms of accounting.

What makes them significant is not their originality—for they are not original—but their presentation. For the first time in its history, the accounting profession has what purports to be a complete code.

More, the method employed in arriving at each of the axioms is given, so that the accounting philosophy underlying the principles is clear.

The report is the result of two and one-half years' research by Thomas Henry Sanders, of the Harvard Graduate School of Business Administration, who has served as adviser to the S.E.C.; Henry Rand Hatfield, who teaches accounting at the University of California, and Underhill Moore of the Yale Law Faculty. Thus the work combines the brains of two accountants and a lawyer—all educators and hence presumably impartial in their findings.

Prior to this report, the American Accounting Association, an organization of some 700 instructors in accountancy, had made an effort to establish principles, and an article on accounting principles was published in the association's journal, *The Accounting Review*, in June, 1936. But the Sanders-Hatfield-Moore collaboration has been able to go much further.

It is entitled, *A Statement of Accounting Principles*, and funds for the work were made available by the Haskins & Sells Foundation. It is hoped that the principles arrived at by the collaborators will unify accounting procedure and form a basis for standards for business men, statisticians, investors, government officials, public service and security commissions, and the accountants themselves.

### **David Adlerblum**

David Adlerblum, of New York, died December 23rd, at the age of 42. Mr. Adlerblum was graduated from the College of the City of New York in 1917 with the B.A. degree. During the World War he served as a lieutenant in the quartermaster corps. Mr. Adlerblum had been in the practice of accountancy, in his own name, for the past ten years. He was a certified public accountant of the state of New York, and a member of the New York State Society of Certified Public Accountants.

### **John Ernest Eberly**

John Ernest Eberly, of Dayton, Ohio, died January 9th at the age of 48. He was born in Zanesville, Ohio, and received his early education there. Later he completed a course at the Walton School of Commerce. Mr. Eberly had been in the practice of accounting since 1919 and at the time of his death was a partner in the firm of Wall, Cassel & Eberly, of Dayton. He was a certified public accountant of the state of Ohio, a member of the Ohio Society of Certified Public Accountants and of the National Association of Cost Accountants. He had been active in civic organizations, including ten years as chairman of the auditing committee of the Community Chest and membership in the Rotary Club and the Chamber of Commerce.

### **Harry A. Keller**

Harry A. Keller, of Columbus, Ohio, died last month after a long illness. He was born in 1861 at St. Marys, Ohio, and acquired his early education there. After a long association with the Lake Erie and Western Railroad, in 1902 he moved to Columbus from Toledo and

became associated with the Columbus office of Patterson, Teele & Dennis. A partnership was formed with J. S. M. Goodloe, the resident manager of the New York firm, which continued until 1910. From that date until the close of the year 1927 Mr. Keller conducted an accounting office under his own name.

In January, 1928, the present firm of Keller, Kirschner & Martin was formed. His partners in this firm were his two sons, John G. and Laurance D. Keller, R. LeRoy Kirschner, John C. Martin and Ralph H. Clinger.

Mr. Keller was a charter member of the Ohio Society of Certified Public Accountants, serving it as treasurer and president. He had been a member of the American Institute of Accountants and its predecessor organization since 1905.

### **Giusto E. Saiz**

Giusto E. Saiz, of New York, died January 19th, after an illness of several months. He was 53 years old. Mr. Saiz was born in Italy and came to the United States in 1911. He had been practising on his own account since 1924, and previous to that had been associated with the public accounting firm of Townsend & Dix, of New York, for eight years. He was a certified public accountant of New York and a member of the New York State Society of Certified Public Accountants.

### **Theophilus Schuyler**

Theophilus Schuyler, of Summit, N. J., died suddenly February 5th. He was 48 years of age. Mr. Schuyler had been associated with the accounting firm of J. Lee Nicholson & Co. for about four years, and was then with the Federal Trade Commission for some time. At the time of his death he was asso-

ciated with the firm of S. D. Leidesdorf & Co., New York. Mr. Schuyler was a charter member of the Institute (1916) and a member of the New York State Society of Certified Public Accountants. He became a certified public accountant of the state of New York in 1916. During 1936-1937 Mr. Schuyler served as chairman of the Institute's special committee on bankruptcy, and had been reappointed for the current year.

### Clifford E. Scoville

Clifford E. Scoville, of Westfield, N. J., died February 1st at the age of 59. A native of Chester, Conn., Mr. Scoville entered the practice of public accounting in 1902 when he became associated with the firm of Haskins & Sells. At various times he represented the firm as a partner in Watertown, N. Y., Buffalo and Boston. Mr. Scoville resigned as a partner of Haskins & Sells several years ago, because of ill health, but later rejoined the firm. He was a certified public accountant of the state of New York and a member of the New York State Society of Certified Public Accountants. Mr. Scoville had been a member of the Institute and its predecessor organization since 1905.

### Governmental Accounting

The local government accounting committee of the Pennsylvania Institute of C.P.A.'s is making a survey of practice in various states so that it may be in a position to recommend legislation which would put Pennsylvania on a level with the most progressive as regards requirements for governmental accounting. An intensive study is being made of municipal auditing in Idaho, Iowa, Kansas, New Jersey, New Mexico, New York, North Carolina, South Dakota and Wisconsin.

### Accountant's Working Library

The library committee of the New York State Society of Certified Public Accountants has published a list of books which it considers essential to the average practitioner.

The following branches of accounting and allied subjects are covered:

1. Accounting theory and practice.
2. Auditing theory and practice.
3. Cost accounting and system installation.
4. Budgeting.
5. Broad specialized phases of accounting.
6. Working papers and reports.
7. Training of staff members.
8. Legal position of public accountants.
9. Mathematics.
10. General commercial law.
11. Finance.

The list of books arranged alphabetically according to authors follows:

ALFORD, L. P., editor.

Cost and production handbook. New York, The Ronald Press Company, 1934.

BELL, William H.

Accountants' reports. 3rd revised ed. New York, The Ronald Press Company, 1934.

CIPRIANI, Alfred B.

Duties of the junior accountant. New York, American Institute Publishing Co., Inc., 1933.

DODGE, Chester J., and SULLIVAN, John F.

Estate administration and accounting. New York, Benziger Bros., 1937.

GRANGE, William J.

Corporation law for officers and directors. New York, The Ronald Press Company, 1935.

GRANT, Harris D.

Simplified Mathematics for accountants and executives. New York, McGraw-Hill Book Co., Inc., 1934.

- GREELEY, Harold Dudley.  
Law for Laymen. New York, American Institute Publishing Co., Inc., 1932.
- KENT, Frederick C., and KENT, Maude E.  
Compound interest and annuity tables. New York, McGraw-Hill Book Co., Inc., 1926.
- LYANS, Cecil K., and BRISCO, Norris A.  
Retail accounting. New York, Prentice-Hall, Inc., 1934.
- MONTGOMERY, Robert H.  
Auditing theory and practice. 5th ed. New York, The Ronald Press Company, 1934.
- MONTGOMERY, Robert H., editor.  
Financial handbook. 2nd ed. New York, The Ronald Press Company, 1933.
- MUCKLOW, Walter.  
Land accounts. New York, American Institute Publishing Co., Inc., 1935.
- PATON, W. A., editor.  
Accountants' handbook. 2nd ed. New York, The Ronald Press Company, 1937.
- PELOUBET, Maurice E.  
Audit working papers. New York, The American Institute Publishing Co., Inc., 1937.
- RICH, Wiley Daniel.  
Legal responsibilities and rights of public accountants. New York, American Institute Publishing Co., Inc., 1935.
- SINCLAIR, Prior.  
Budgeting. New York, The Ronald Press Company, 1934.
- SUNLEY, William T., and PINKERTON, Paul W.  
Corporation accounting. New York, The Ronald Press Company, 1931.
- THOMPSON, William Rodney.  
Accounting systems, their design

and installation. Chicago, La Salle Extension University, 1936.

- THORNTON, F. W.  
Duties of the senior accountant. New York, American Institute Publishing Co., Inc., 1932.
- WALL, Alexander.  
How to evaluate financial statements. New York, Harper & Brothers, 1936.

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##### ACCOUNTANTS' INDEX.

- A bibliography of accounting literature to December, 1920. New York, American Institute of Accountants, 1921.
- Supplement, January, 1921–June, 1923. New York, American Institute of Accountants, 1923.
- Second supplement, July, 1923 to December, 1927, inclusive. New York, American Institute of Accountants, 1928.
- Third supplement, January, 1928 to December, 1931 inclusive. New York, American Institute Publishing Co., Inc., 1932.
- Fourth supplement, January, 1932 to December, 1935 inclusive. New York, American Institute Publishing Co., Inc., 1936.
- Federal and State tax services as well as books dealing with taxation.

#### MAGAZINES

- THE ACCOUNTING REVIEW. Chicago, American Accounting Association.
- THE JOURNAL OF ACCOUNTANCY. New York, American Institute of Accountants.
- THE TAX MAGAZINE. Chicago, Commerce Clearing House, Inc.
- The library committee consists of Herman Herwood, chairman, Lewis Gluick, Arthur B. Moll, and Frederick M. Schaeberle.

## Meetings and Elections

### Maine Society of Public Accountants

*Date:* December 29, 1937.

*Place:* Portland.

*Elections:* President—Richard M. Millett, of Portland  
Vice-president—Harold C. Jordan, of Portland  
Secretary—Stephen W. Sawyer, of Portland  
Treasurer—Maynard H. Shaw, of Portland

### Maryland Association of C.P.A.'s

*Date:* January 11, 1938.

*Place:* Baltimore.

*Speaker:* Lee R. Pennington, of the Federal Bureau of Investigation, "Fraud in accounting: Its detection and possible preventive measures."

### Massachusetts Society of C.P.A.'s

*Date:* December 20, 1937.

*Place:* Boston.

*Speaker:* Maxwell E. McDowell, head of the tax department of the Standard Oil Company of New Jersey (and also on the staff of Columbia University as an instructor on the Federal income-tax problems), and general counsel for the Bureau of Internal Revenue at Washington, "A new Federal tax law per year—an anchor to business planning."

*Date:* January 24, 1938.

*Place:* Boston.

*Speaker:* Mayo A. Shattuck, a member of the Boston law firm of Barker, Davison & Shattuck, "America tries an experiment in price maintenance."

### Michigan Association of C.P.A.'s Central Chapter

*Date:* December 15, 1937.

*Place:* Lansing.

*Speaker:* Lawrence Heller, city assessor of Lansing, gave a brief outline of the problems of a city assessor, followed by round-table discussion of how the certified public accountant and the city assessor can cooperate to the best interests of the taxpayer. General round-table discussion on the questions foremost in the accountants' minds at the present time.

### New York State Society of C.P.A.'s

*Date:* December 13, 1937. Joint meeting with the New York Credit Men's Association.

*Place:* New York City.

*Speakers:* Colonel Arthur H. Carter, of Haskins & Sells. Joseph A. Bower, executive vice-president of the Chemical Bank Trust Co., "A financial statement should X-ray, not just photograph, the situation." David E. Golieb, treasurer of the International Handkerchief Manufacturing Co., Edward F. Addiss, president of Burlington Mills, Corp., Joseph J. Klein, of Klein, Hinds & Finke. Joseph Rubanow, vice-president of the Manufacturers Trust Co. John L. Redmond, of Crompton-Richmond Company, Inc., present president of the New York Credit Men's Association. Chapters in Albany, Buffalo, Rochester and

Syracuse participated in the meeting by telephone arrangements.

*Buffalo Chapter*

*Date:* January 11, 1938.

*Speaker:* Chester T. Lane, assistant general counsel of the S.E.C.

**North Carolina Association of C.P.A.'s**

*Date:* December 13, 1937.

*Place:* Charlotte.

*Speaker:* T. W. Alexander, head of the franchise and intangibles tax division of the Department of Revenue, explained and discussed the manner of collecting the state tax on intangibles, becoming effective December 31st.

**Pennsylvania Institute of C.P.A.'s**

*Harrisburg Chapter*

*Date:* December 21, 1937.

*Speaker:* I. H. Krekstein, deputy secretary of revenue for the state, "The revised Pennsylvania corporation tax forms."

*Philadelphia Chapter*

*Date:* December 13, 1937.

*Speaker:* Carman G. Blough, chief accountant, Securities and Exchange Commission, "Accountants' certificates."

*Date:* December 22, 1937.

*Speaker:* Joseph A. Wilson, chief of the income-tax division, U. S. Bureau of Internal Revenue.





## Announcements

William Ballingall & Co. announce the removal of their office to Lincoln-Liberty building, Broad and Chestnut streets, Philadelphia.

---

Wm. Gordon Buchanan announces that he will continue practice with offices in the Colorado building, Washington, D. C.

---

Crofford H. Buckles & Company announce the removal of their offices to suite 1266, Conway building, 111 West Washington street, Chicago.

---

Edwin B. Cassidy announces the re-establishment of his accounting practice and the removal of his office to the Rowan building, 458 South Spring street, Los Angeles, Calif.

---

Arthur R. Chapman announces the opening of his office at 408 American Bank building, Vincennes, Ind.

---

Roy E. Chase and Edward L. Gaunt announce the removal of their offices to the Insurance building, 321 West Second street, Little Rock, Ark.

---

Deloitte, Plender, Griffiths & Co. announce that W. R. McNamara, Monteath Ruston and E. K. Ernst have been admitted as general partners in their firm in New York.

---

Eppler & Company, of New York, announce the admission to partnership of Charles T. Bryan.

Frazer & Fox announce the opening of their offices in suite 733, Pyramid building, Little Rock.

---

Archibald Gold announces the removal of his office to the Canadian Pacific building, 342 Madison avenue, suite 1406, New York.

---

Goldstein & Company announce the removal of their offices to suite 1054, Field building, 135 South LaSalle street, Chicago.

---

David H. Granof, of New York, announces the removal of his offices to 274 Madison avenue.

---

Charles Hecht, of New York, announces the admission of Charles M. Hecht as a partner in the firm of Charles Hecht & Company, 20 Exchange Place, New York.

---

Lyle W. Hines announces the admission to partnership of Hartwell Wilkerson, the practice to be carried on under the firm name of Hines & Wilkerson, with offices at E 616 First National Bank building, St. Paul.

---

William J. Mackay announces the removal of his offices to 1305 Bolton Road, Pelham Manor, N. Y.

---

Stewart, Watts & Bollong, of Boston, announce the admission to partnership of J. Harold Stewart and Harold A. Mock.

Zwemer, Uebel & Company announce the removal of their Cleveland offices to 620 Hickox building, Cleveland.

---

Warren E. Banks, of Hot Springs, has been reappointed secretary of the Hot Springs Civitan Club.

---

Wilford A. Beesley, of Salt Lake City, has been appointed chairman of a committee to prepare uniform classification of accounts for Utah cities of the third class which will be presented to the State Municipal League of Utah.

---

Archibald Bowman, of New York, on December 14th delivered an address at the Columbia University school of business, on the subject of "Reporting upon the corporate investment."

---

Vardaman M. Buckalew, of Mobile, Ala., has been elected president of the Kiwanis Club of Mobile for 1938.

---

Will-A. Clader, of Philadelphia, recently addressed the Annapolis, Md., alumni of St. John's College, at Annapolis, on the subject of "Finances of St. John's College, in the state of Maryland."

---

C. B. Cox, of Detroit, recently addressed the Harvard Business School Alumni Club of Detroit, at the University Club, on the subject of "Corporation taxes."

---

Alex W. Crane, of Phoenix, has been appointed auditor of the Arizona state land department.

---

George E. Frazer, of Chicago, has been elected to the board of trustees of Kenyon College, Gambler, Ohio.

---

J. Carle Parry, Jr., of Philadelphia, president of the Pennsylvania Institute of Certified Public Accountants, spoke before the Honorary Accounting Society of Temple University at a recent meeting.

---

Fred J. Peterson, of Des Moines, Iowa, recently addressed the College of Commerce of Drake University, Des Moines, on the subject, "Auditing procedure."

---

Professor Earl A. Saliers, of the College of Commerce of the Louisiana State University, has been appointed chairman of the accounting section of the Southwestern Social Science Association.

---

Roman R. Sevenich, of St. Paul, recently addressed the Beta Alpha Psi alumni of the University of Minnesota, at Minneapolis, on the subject of "Federal land bank accounting."

---

H. J. Williams, of New Orleans, has been elected president of the Big Ten Universities Club and chairman of the civic bureau of the Young Men's Business Club of New Orleans.



FIFTIETH  
CELEBRATION

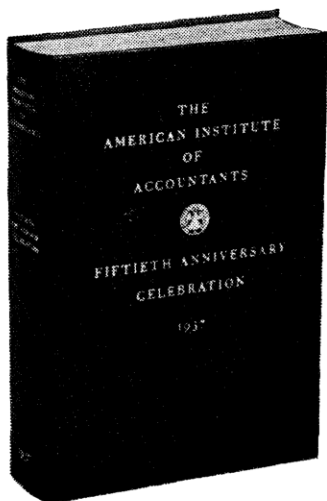


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THE  
CERTIFIED PUBLIC  
ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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MARCH 1938

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VOL. 18 • No. 3  
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Examinations

Competitive Bidding

Meeting of Council

Municipal Accounting Conference

Federal Tax Legislation

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## Municipal Accounting Conference

TEN national and state organizations have coöperated in arranging for a national conference on municipal accounting and finance, sponsored by the American Institute of Accountants, to be held at the Stevens hotel, Chicago, on March 28th and 29th. An attendance of several hundred accountants, municipal finance officers and others is expected.

Municipal cost accounting; installation of modern accounting systems in municipal offices; the relation of accounting reports to municipal credit; the accounts of Federal Government; and financial planning for the municipality will be among the topics discussed.

The keynote address will be delivered by George P. Ellis, chairman of the Institute's special committee on governmental accounting, on March 28th.

E. F. Bartelt, commissioner of accounts and deposits of the United States Treasury Department in Washington, will discuss accounting controls in the Federal Government. John S. Linen, chairman of the municipal securities committee of the Investment Bankers Association, will discuss financial planning. A program of municipal revenues and expenditures to meet changing social, economic, and political conditions will be presented by James W. Martin, commissioner of revenue of the state of Kentucky.

Other speakers at the conference will include Lloyd Morey, vice-chairman of the National Committee on Municipal Accounting and comptroller of the University of Illinois; Donald C. Stone, director of the consulting and research division of Public Administration Service, which has its headquarters in Chicago; Deneen A. Watson of the Illinois Bar Association; Albert E. Neale, chairman of the municipal accounting committee of the National Association of Cost Accountants and city auditor of Springfield, Mass.; Professor A. R. Hatton, of Northwestern University; H. L. Woolhiser, city manager of Winnetka, Ill.; Robert Steine-mann, chairman of the committee on better audits of the Surety Association of America; Hiram T. Scovill, president of the Illinois Society of Certified Public Accountants. Professor Scovill will preside at a dinner of the Illinois society to be held on the night of March 29th.

## Competitive Bidding

COMPETITIVE bidding has been one of the most difficult problems of the accountancy profession. Almost all accounting publications have fulminated against it. Countless meetings of state societies and their chapters have been devoted to apparently fruitless discussion of the subject. Many practitioners have frankly accepted bidding as an inevitable evil and have given up hope of eradicating it.

Several years ago, rules against competitive bidding were adopted by two state societies, but enforcement seemed impossible and competitive bidding has not been stamped out in those states.

It was fear of inability to enforce a rule adequately which led the council of the American Institute of Accountants to reject the suggestion of its committee on professional ethics in 1933 that a rule of professional conduct be adopted, prohibiting members from bidding for accounting engagements. In 1934, however, the council of the Institute did adopt the following admonitory resolution, which remains in full force and effect:

“RESOLVED, That the council of the American Institute of Accountants regards competitive bidding for professional accounting engagements as contrary to the best interests of members’ clients and of the public generally and urges members of the Institute to endeavor by all means at their disposal to eliminate the practice of competitive bidding.”

In a number of communities the reputable accounting firms have agreed among themselves that they will not enter into competitive bidding, and at least a part of the public in those communities has come to respect and approve their attitude.

All these efforts, and the extended public discussion which they aroused, have resulted in almost unanimous agreement among reputable accountants that competitive bidding for accounting engagements is a most unfortunate practice, from the point of view of the general public, the individual client, the accountancy profession, and the individual practitioner. In spite of this aversion, many reputable accountants have felt themselves forced to bid in order to meet competition.

The Connecticut Society of Certified Public Accountants on October 6, 1937, adopted the following amendment to its by-laws, forbidding competitive bidding, which was fully reported in this bulletin for December, 1937:

---

NOTE.—The secretary of the American Institute of Accountants has been instructed by the executive committee to prepare this statement on the subject of competitive bidding so that the matter may be brought to the attention of members prior to the meeting of council scheduled for April 11, 1938.



“Article VII, Section 9: Competitive bidding is deemed to be detrimental to the interests of the public and the accounting profession. No member shall at any time knowingly, directly or indirectly, enter into bidding for any type of professional service whatsoever, in competition with other accountants. Competitive bidding is hereby defined as bidding for work in competition with other accountants on any basis.”

The Connecticut Society took this step with full realization of its gravity and of the difficulties which would be encountered, but its members felt that something had to be done and they were prepared to take the consequences. Editorials referring to the Connecticut Society's rule have appeared in *The Journal of Accountancy* for December, 1937, and March, 1938.

Elsewhere in this bulletin appears a statement by Charles F. Coates of Connecticut, a member of the Institute's executive committee, outlining the Connecticut Society's experience with the rule in the few months during which it has existed.

As Mr. Coates points out, one of the first difficulties which arose after adoption of the rule to confront the Connecticut Society was caused by competitive bids, submitted by certified public accountants from outside Connecticut, for engagements to be performed within Connecticut. Having no jurisdiction over these outside practitioners, the Connecticut Society was unable to prevent them from violating the rule which prevented its own members from bidding, and in at least one case in which a Connecticut Society member might in the normal course have been expected to be retained, a practitioner of another state has received the engagement, presumably because he quoted a low fee.

In an attempt to deal with the interstate aspect of the situation, the Connecticut Society has requested the assistance of the American Institute of Accountants. It has been proposed that the Institute adopt a rule prohibiting its own members from competitive bidding. The suggested rule is as follows:

“No member or associate of the Institute shall at any time knowingly, directly or indirectly, enter into bidding for any type of professional service whatsoever, in competition with other accountants. Competitive bidding is hereby defined as bidding for work in competition with other accountants on any basis. This rule shall not be construed so as to inhibit the making of proposals as to basis of compensation with respect to prospective engagements where a member or associate is not aware that competitive bids will be or have been sought.”

Objection, however, has already been made that this rule would place members of the Institute at a disadvantage in some communities where competitive bidding is still rife and where the state society has adopted

no rule against it. It is argued that it would be illogical if members of the Institute who were also members of a state society were prevented by the national organization from quoting fees in competition with fellow members of the same state society who were not members or associates of the Institute. The argument can be carried further, to point out that many certified public accountants are not even subject to the jurisdiction of the state society, and that an indeterminable number of public accountants who do not hold C.P.A. certificates would, in most states, be free to bid to their hearts' content.

The advocates of adoption of a rule by the Institute, however, reply that these arguments are fallacious. They claim that, if all reputable accounting firms refused to bid in any community, the work would not fall to those who were willing to bid. It is their contention that, in any event, the work will naturally be done by those who are most competent to do it, because business requires competent accounting service. If only the less competent endeavor to secure engagements on the basis of price, the business public in general, it is contended, will turn away from price as a guide to selection of an auditor. The advocates of the rule assert that, while in the beginning there might be some hardship, in the end there will be much gain by the qualified accountants who endeavor to render service of real value to their clients and ask fair remuneration for their labors.

Objection to the adoption of such a rule has also been voiced on the ground that enforcement will be practically impossible because of the difficulty of defining competitive bidding and of securing tangible evidence of violations. The technical details of this problem are obviously rather complex. If an accountant were at the present time serving a client, but another accountant, at the request of the client, quoted a probable fee for the same engagement, would the first accountant be prohibited from submitting a "competitive bid"? If an accountant were approached by a business concern which expressed dissatisfaction with its present auditors and requested an estimate of cost of work, would the rule prevent acquiescence? The Connecticut Society, as Mr. Coates' statement shows, has endeavored to answer these questions.

Many accountants of high repute, who deplore the practice of competitive bidding and refuse to participate in it, nevertheless would oppose any rule which might interfere with the rights of the public to obtain accounting service on a fair basis. Opinion is divided as to whether or not it is proper to offer any estimate of what the fee will be in the case of an engagement which the accountant concerned has never undertaken before.

Proponents of aggressive action say that common sense must govern in the enforcement of any such rule; that those in authority will avoid ridiculous extremes.

The Connecticut Society has also made a suggestion that the Institute adopt a rule which would automatically render a member or an associate liable to discipline if he violated, within the borders of a given state, any rule of professional conduct adopted by the state society of that state. The proposed rule follows:

“Members or associates of the Institute engaged in accounting practice in any state, territory or the District of Columbia, shall be required to adhere to and abide by the rules of professional conduct, or similar requirements by whatever name designated, as prescribed by the recognized society or association of certified public accountants of that state, territory or the District of Columbia.”

This is clearly another effort to protect a state society which has raised its standards above the average from competition by practitioners in neighboring states over whom it has no control. However, immediate objections have arisen with respect to this proposal. It would in effect place upon the national organization the burden of enforcing some 48 different codes of ethics. It might force the committee on professional ethics of the national organization to deal with a great number of complaints arising in various localities, which properly should be settled by state action. It is conceivable that under certain conditions a state society might adopt a rule of conduct objectionable to all other state societies and to the Institute, which the council of the national organization might not feel it could properly enforce upon its members.

As an alternative to this proposal, it has been pointed out to the board of directors of the Connecticut Society that article V, section 4 (e) of the by-laws of the American Institute of Accountants, provides that a member or an associate renders himself liable to expulsion or suspension by the council sitting as a trial board, if he is held by the council to have been guilty of an act discreditable to the profession. Under this provision the council of the Institute, if it chose to do so, could declare that competitive bidding for engagements, in such circumstances as might be defined, was discreditable to the profession. For example, it might announce that members of the Institute from outside Connecticut, submitting bids for engagements within the borders of Connecticut, were guilty of an act discreditable to the profession and were, therefore, subject to Institute discipline. This would be as effective, it is claimed, as the adoption of a specific rule which would compel the Institute to enforce all state societies' codes of ethics. Under the broad powers of the by-laws, the council could deal with the subject of bidding alone, or from time to time with other problems which might arise, without delegating its authority or subjecting itself to requirements which it might find itself unable to meet.

In any discussion of this matter, it must be remembered that the Institute's committee on professional ethics is composed of practising mem-

bers who serve voluntarily. The nature of their work is such that their duties cannot be delegated to employed members of the staff. The members of the committee themselves must individually deal with all complaints. Any step leading to a large increase in volume of petty complaints, which would ordinarily be dealt with by local societies, would clog the machinery of the national organization and might render its efforts less effective rather than more so.

The executive committee of the Institute has referred the proposed rules to the council, but in the meantime has sought the advice of the Advisory Council of State Society Presidents. Several of the presidents have already expressed their opinions, and it is interesting that even these few are not in complete agreement. An analysis of the replies will be submitted for the guidance of the Institute's council when it meets in April. The executive committee believes that in no case should a ruling on this particular matter be adopted without a referendum of the entire membership.

The executive committee requests individual members of the Institute to write the secretary their own opinions on the problem, which will also be of great interest to the council.

# Connecticut's Rule Against Bidding

BY CHARLES F. COATES

AT A MEETING of the members of the Connecticut Society of Certified Public Accountants held on October 6, 1937, after considerable discussion, the rules of professional conduct contained in article VII of the by-laws were amended to include the following:

“Competitive bidding is deemed to be detrimental to the interests of the public and the accounting profession. No member shall at any time knowingly, directly or indirectly, enter into bidding for any type of professional service whatsoever, in competition with other accountants. Competitive bidding is hereby defined as bidding for work in competition with other accountants on any basis.”

The Connecticut Society by this amendment has taken a definite stand with respect to competitive bidding and is determined to eliminate this evil from professional accounting in the state.

Although only a short time has passed since the adoption of this rule in Connecticut, three cases have come to light which are believed to involve bidding in competition, as follows:

1. On October 14, 1937, the chairman of the auditing committee of a national bank in Connecticut addressed a letter to a Connecticut accounting firm requesting that firm to submit an estimate of the cost of making an examination of the accounts and records of that bank. The last paragraph of the letter containing this request read as follows:

“It may be proper to state that our committee is asking estimates of other firms following the same specifications covering the work.”

This accounting firm had previously served the bank in question in making similar examinations. The firm replied to the letter requesting the estimate, advising the chairman that, in accordance with a policy established by that firm and under rules of professional conduct as laid down by the Connecticut Society of Certified Public Accountants, the firm would be unable to submit a bid in competition for the work to be performed. Shortly thereafter it was learned that a New York accounting firm was conducting the examination and it was naturally presumed that the New York firm received a similar letter from the chairman of the auditing committee of the national bank and was aware that the engagement was to be let on a bid basis. At least one of the members of this New York firm is a member of the American Institute of Accountants.

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NOTE.—Mr. Coates is a member of the executive committee of the American Institute of Accountants and has prepared this statement at the committee's request. As president of the Connecticut State Board of Accountancy, he cooperated closely with the Connecticut Society in promoting the rule against bidding.

2. One of the largest cities in the state advertised for competitive bids for an audit of its accounts. Three bids of \$7,000, \$12,000 and \$16,000 were forthcoming from two noncertified firms and a certified public accountant not a member of the Connecticut Society of Certified Public Accountants. The engagement was given to the lowest bidder, a noncertified accountant who, it is believed, had never had any experience in municipal or any type of public accounting. In addition, there was a response from a certified public accountant, also a member of the Connecticut Society, who apparently could not resist the temptation to request the city officials to consider his firm when the accountant was selected, although no bid of any kind was contained in his letter. This Connecticut certified public accountant was reprimanded by the society for writing such a letter, although he did not present a bid in competition.

3. The client of a Connecticut certified public accountant, whom he had served for the years 1923 to 1936 consecutively, during which time charges were on a per diem basis, requested that he submit a competitive bid for the year 1937. The client had never expressed himself with respect to previous charges for services and was apparently completely satisfied, since his check had always been forthcoming promptly. The accountant wrote him, in part, as follows:

“It is a matter of regret and concern to us that after the many years we have served you, the question of fee should now arise. We do not care to enter into competition with other accountants for this work, both on the basis of our own feelings in the matter and for the reason that the by-laws of the Connecticut Society of Certified Public Accountants, of which we are members, absolutely prohibit undertaking engagements on this basis. The reasons for this provision are obvious to every one, the primary one, of course, being that sooner or later the client will be ill served if he is served on the basis of the lowest bid.”

The accountant also informed the client that the charges of his firm in the past had been fair and had been accepted as such by the corporation and that the only way they could reduce the fee would be by reducing the services rendered. The engagement for 1937 was let to a noncertified firm, although two of the partners are certified public accountants and members of the Connecticut Society, one of whom voted for the passage of the by-law prohibiting competitive bidding and the other against. There was no public request for bids, and it can only be surmised that the engagement was in fact let upon the basis of the lowest bid.

At the meeting of the Connecticut Society at which this rule was adopted, there was considerable discussion as to the advisability of adopting a rule against competitive bidding when accounting firms in closely adjacent states, particularly New York, New Jersey, and Massachusetts, would be free to come into Connecticut and submit bids for accounting

work. The thought was then expressed that the good offices of the American Institute might be utilized in prevailing upon accounting firms outside of Connecticut to refrain from making bids for work to be done in the state.

Growing out of the adoption of this rule by the Connecticut Society, a suggested rule of conduct dealing with the subject of competitive bidding has been submitted to the executive committee of the American Institute for consideration, as follows:

“No member or associate of the Institute shall at any time knowingly, directly or indirectly, enter into bidding for any type of professional service whatsoever, in competition with other accountants. Competitive bidding is hereby defined as bidding for work in competition with other accountants on any basis. This rule shall not be construed so as to inhibit the making of proposals as to basis of compensation with respect to prospective engagements where a member or associate is not aware that competitive bids will be or have been sought.”

The board of governors of the Connecticut Society of Certified Public Accountants has also caused to be submitted to the executive committee of the American Institute the suggestion that the above rule be adopted, subject to the approval of a majority of the members of the Institute, together with the following rule:

“Members or associates of the Institute engaged in accounting practice in any state, territory, or the District of Columbia shall be required to adhere to and abide by the rules of professional conduct, or similar requirements by whatever name designated, as prescribed by the recognized society or association of certified public accountants of that state, territory or the District of Columbia.”

It is not the wish of the Connecticut Society that the Institute police the state, but the members feel that the Institute should be active in dealing with complaints on violations of rules of professional conduct of any state society. It is realized that some states might adopt by-laws which they should not expect the Institute to support, but it is strongly felt that rules of professional conduct do not come in this category. If the members of the American Institute are not required to conduct themselves as professional men and are permitted to indulge in unprofessional practices, including competitive bidding, then there can be no hope for the future of the accounting profession. A reputable accountant cannot expect to obtain an engagement on a competitive-bid basis if he offers a fair bid, because, if the practice is countenanced, there will always be those who throw discretion to the winds and name a price which they know does not include a fair profit, for the express purpose of obtaining

the engagement. If professional accountants have courage to carry out what they propose, competitive bidding and other evils can be eradicated.

The Connecticut members feel that a member may violate the rule and escape with nothing more than a reprimand on the first offense upon a plea of ignorance as to the conditions under which an engagement was obtained, but the members will surely look askance at any member turning up on a second offense, and they are determined to expel such violators. The essential question is whether we are truly professional men or merely seekers for dollars under the banner of a profession. The Connecticut Society demands that the American Institute take a decided stand in this matter and feels confident that it will not be compelled to abandon its position because of failure of Institute support. As one Connecticut accountant writes:

“My personal feeling is that bidding in Connecticut was braked just about in time. It was beginning to reach into commercial work. If our new rule does not hold out and bidding begins again, I shall go into it hammer and tongs and cut . . . everything, because I might as well have a little action while my practice is being ruined as to sit idly by and let others snap at it. With bidding again in vogue, whether we take an active part in it or sit idly by, we would have the same thing; namely, the destruction of our businesses.”

It should be realized that the Connecticut rule is against “competitive bidding” and not against the offering of proposals where it is not known that competitive bids will be asked. Connecticut accountants do not feel it is necessary to ask a client whether or not he proposes to “shop” for bids, and if the accountant is not told of an intention to seek competitive offers, then he is free to discuss the cost of an engagement with a client.

The following is quoted from the report of the committee on competitive bidding of the Connecticut Society:

“Differentiation should be made between acts leading up to or involving competitive bidding and cases where a regular or prospective client, not seeking competitive bids, discusses accounting work to be performed and desires an estimate of the probable cost of such work, when the client specifically states that the purpose of the inquiry is to facilitate the consideration of financial plans to pay for the work, etc., and not for the purpose of matching the estimate of one accountant against another or others.”



# The Need for Basic Tax Reform

BY DONALD ARTHUR

IN 1936 the population of the United States was estimated at 128,000,000. In the presidential election that year, there were some 45,000,000 votes cast. According to preliminary estimates there were 2,000,000 individuals who paid income tax in 1936 upon 1935 income. It is true that some 4,000,000 individual returns were filed, but of that number approximately half showed no tax payable.

From these figures the astounding fact emerges that more than 95 per cent. of the voters of the United States paid no direct Federal income taxes.

In 1918, some 20 years ago, the Honorable Daniel C. Roper was Commissioner of Internal Revenue and a very excellent one he was. Faced with the administration of the first really intricate income and excess-profits tax law, he called upon many practising accountants and lawyers to assist the Bureau of Internal Revenue. On his own initiative he was successful in creating and maintaining a fully coöperative spirit between the bureau and taxpayers, which is sadly lacking today. In the fields of both legislative action and bureau administration, there is at the present time an evident lack of fairness which is justifiably resented by taxpayers. Face-saving in the preservation or attempted preservation of demonstrably wrong principles seems to be the order of the day.

Among other suggestions made to Mr. Roper in 1918 were the following:

1. That the work of the bureau be decentralized by having a commissioner with full authority to settle tax difficulties appointed in each Congressional district, and
2. To broaden the tax base so that a substantially larger proportion of voters would become direct income taxpayers and take a keener interest in government.

Mr. Roper thought both suggestions were good, but that they were politically inexpedient. I think what he really meant was that they were inexpedient for politicians—an entirely different thing. The same situation holds true today.

I believe, with many, that the capital-gains tax, as it stands, is a real flaw in our system of taxation. I also believe that the Siamese twins—the capital-stock tax and the excess-profits tax—are vicious. More recently, in common with countless others, I have thought that the undistributed-profits tax has no proper place in our tax structure.

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NOTE.—Mr. Arthur is a member of the American Institute of Accountants. Practically the entire text of his statement, here reproduced, was published in the *New York Times*, February 26, 1938, in the form of a letter to the editor.

While these three features of our present tax law are important and should be repealed, I am convinced that as compared with the question of broadening the tax base they are of minor significance.

In my opinion (after an experience of over 20 years as an adviser in tax matters) personal exemptions should be materially reduced and a graduated normal tax should be substituted for our present flat rate tax. The graduation might run from one per cent. on low incomes to 15 per cent. on high incomes, and our present surtax rates should be reduced to a high bracket of say 35 per cent., so that the aggregate tax on those in the highest brackets, that is, normal plus surtax, would be less than 50 per cent. I think it can be demonstrated that the loss in tax by reducing the surtax rates would be much more than offset by the increases resulting from reduction in the exemptions and the increase in the normal tax, not to mention the immeasurable long-term benefits to the revenue to be expected upon freeing commercial initiative and the motive for investment in productive ventures from the stifling effect of present confiscatory tax rates.

Furthermore, there should be no question that the increase in the normal tax suggested would produce sufficient revenue to warrant Congress in greatly modifying, if not entirely eliminating, the present indirect taxes, which it is claimed fall most heavily, dollar for dollar, on the low-income class of our population.

It is of great interest to know that in England Mr. Gladstone in 1876 fought strenuously in the House of Commons against a proposed reduction in income tax through the medium of an increase in personal exemptions. (He condemned an increase in the exemption from £100 to £150.) The gist of his argument was not that he disapproved of the income tax, but that to reduce or eliminate the tax on low incomes was the first step towards the introduction of communism. With conditions as they are today in the United States, it seems unnecessary to point out what a true prophet Gladstone was 62 years ago.

# American Institute of Accountants

## Federal Tax Legislation

The Federal tax bill introduced in the House of Representatives on March 3rd and subsequently referred to the Senate finance committee for consideration, has been carefully analyzed by the Institute's committee on Federal taxation and, as this bulletin goes to press, the chairman of the committee is planning to appear before the Senate committee and submit recommendations.

Victor H. Stempf, the committee chairman, will propose, among other recommendations, that the date for filing returns under the Federal law be four months after the close of the taxpayer's fiscal year, rather than two and one-half months, as at present. He will propose also that one-half of the total tax be required to be paid when the return is filed, rather than one-fourth of the tax, as at present. This will tend to offset the objection that postponement of the filing date would result in delayed receipts of revenue by the Treasury Department.

## International Congress

Arthur H. Carter and Edward A. Kracke, both of New York, have been appointed to the delegation which will represent the American Institute of Accountants at the Fifth International Congress on Accounting, to be held at Berlin, September 19-24, 1938. Other members of the Institute's delegation will be John F. Forbes, chairman, of San Francisco, and William H. Ball, of Detroit.

## Meeting of Council

The council of the Institute will hold its regular spring meeting at the Waldorf-Astoria hotel, New York, on April 11th. It is planned that the meeting shall last through two days, if necessary to complete consideration of committee reports and other matters. As a departure from custom, committee reports for this meeting will be prepared in such a way as to present the problems of the profession with which the respective committees deal, rather than simply recite the activities of the committee members during the period being reviewed.

The members of council will be entertained at luncheon, as usual, and President Collins will be their host at a dinner.

## "A Statement of Accounting Principles"

In a letter to the presidents of the state societies of certified public accountants, the secretary of the Institute has expressed the hope of the executive committee that the booklet, *A Statement of Accounting Principles*, recently published by the Institute, will form the basis of discussion at state society meetings. The secretary requested that a record be kept of any such discussion, so that the views of the profession may be known if the booklet should be revised at some future time.

Further reference is made to the possibility of revision on page 15 of this issue.

**Visitors at Institute Offices**

The following visitors from out of town called at the offices of the Institute at 135 Cedar street during recent weeks:

Ferron L. Andrus, Los Angeles, Calif.  
 F. D. Cole, Lincoln, Nebr.  
 Arnold T. Davies, London, Eng.  
 Charles W. Hatter, Baltimore, Md.  
 H. Cleveland Logue, Baltimore, Md.  
 Lewis Lilly, San Francisco, Calif.  
 W. D. Mangam, Butte, Mont.  
 H. A. Tillinghast, Danielson, Conn.

**Examinations**

The regular spring examinations of the American Institute of Accountants will be held on May 12th and 13th. Co-operating state boards of accountancy will hold their sessions on the same days. Further details will be published in the April issue of this bulletin.

**Coöperation with the S.E.C.**

The Institute's special committee on coöperation with the Securities and Exchange Commission met at Washington on February 24th with Harold H. Neff, director of the forms and regulations division of the commission, and members of his staff, for discussion of the accounting provisions of a new form and regulations which have been drafted and will soon be issued by the commission to take the places of forms A-1, A-2, and E-1.

The members of the Institute's committee, all of whom were present, are as follows:

Rodney F. Starkey, chairman, of New York  
 Samuel J. Broad, of New York  
 Charles B. Couchman, of New York  
 Paul K. Knight, of New York  
 Warren W. Nissley, of New York  
 Homer Stewart, of New York  
 Homer N. Sweet, of Boston  
 John L. Carey, secretary

**Haskell Addresses Accountants**

At a meeting of the Accountants Club of America held on March 1st at the Waldorf-Astoria hotel, New York, John Haskell, executive secretary of the committee on stock list of the New York Stock Exchange, delivered an address entitled "The S.E.C., the Stock Exchange, and the Accountant." Victor H. Stempf, president of the club, presided. Mr. Haskell's address will be published in an early issue of *The Journal of Accountancy*.

**Accounting Procedure**

The Institute's committee on accounting procedure, which includes the chairmen of seven other committees dealing with problems of procedure, held a meeting on February 28th at the Century Association, New York. The following, constituting the whole committee, were present:

George O. May, chairman  
 Samuel J. Broad  
 (Chairman, special committee on technical information)  
 Arthur H. Carter  
 (Chairman, special committee on coöperation with investment bankers)  
 A. S. Fedde  
 (Chairman, special committee on coöperation with bankers)  
 Henry A. Horne  
 (Chairman, special committee on public-utility accounting)  
 Frederick H. Hurdman  
 (Chairman, special committee on coöperation with stock exchanges)  
 Roy B. Kester  
 (Chairman, committee on education)  
 Rodney F. Starkey  
 (Chairman, special committee on coöperation with Securities and Exchange Commission)

Among other matters, there was discussion of *A Statement of Accounting*

*Principles*, recently published by the Institute, and it was suggested that members be invited to send to the committee their criticisms of matters contained in that booklet for consideration and discussion with the authors of the booklet, with a view to its possible revision at some future time.

### Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, 40 applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

#### ADVANCED TO MEMBERSHIP

Darcy R. Bonner, Dallas, Texas  
Cecil W. Riggan, Memphis, Tenn.  
Milburn M. Sartin, Chicago, Ill.  
Abner J. Starr, Cincinnati, Ohio

#### ADMITTED AS MEMBERS

William W. Arner, Miami, Fla.  
George C. Baird, Augusta, Ga.  
Arthur E. Beyer, New York, N. Y.  
Trygve A. Eliason, New York, N. Y.  
Frank H. Goldsberry, Nacogdoches, Texas  
James S. Gove, Boston, Mass.  
Philip A. Higgins, Jr., New York, N. Y.  
John M. Ivory, Waterbury, Conn.  
Thomas L. Keaney, New York, N. Y.  
Harold L. Klagstad, Chicago, Ill.  
William G. Leahy, Newark, N. J.  
John A. Lindquist, New York, N. Y.  
Melvin H. Lockett, Los Angeles, Calif.  
Russell A. McAlpine, Philadelphia, Pa.  
Donald K. McAllen, Chicago, Ill.  
George W. McInerney, New York, N. Y.  
Edward A. Neider, Buffalo, N. Y.  
William A. Newman, Jr., Syracuse, N. Y.  
Edmund L. O'Brien, Providence, R. I.  
Adam Rhodes, Boston, Mass.  
Herbert W. Rice, Paterson, N. J.

Charles L. Richardson, Los Angeles, Calif.

Leonard Ray Sarver, Akron, Ohio  
William C. Simonson, New York, N. Y.  
Edward K. Strachan, Terre Haute, Ind.  
James T. Wilkes, Harvey, Ill.

#### ADMITTED AS ASSOCIATES

Robert E. Antholine, Cudahy, Wis.  
Sidney Bederson, Newark, N. J.  
Hilliard R. Giffin, Fresno, Calif.  
John J. Giltinan, New York, N. Y.  
Grandjean G. Jewett, Boston, Mass.  
Robert Louis Lazo, New York, N. Y.  
Frank L. Muncy, San Francisco, Calif.  
George E. Stanford, New York, N. Y.  
Kenneth D. Thompson, Cleveland, Ohio  
Charles N. Whitehead, San Francisco, Calif.

### Horace S. Wiggins

Horace S. Wiggins, of Lincoln, Nebr., a member of the Institute since 1909, died on February 23rd, at the age of 85. He was a retired consulting actuary, and had been a resident of Lincoln for 40 years. A native of Rome, N. Y., he later moved to Lincoln, where he held the position of actuary for the state of Nebraska for many years, retiring in 1917. He then established his own accounting business in Lincoln, the first one in the city. One of the first certified public accountants in the state, he was for several years secretary of the state board of accountancy and also was a charter member of the Nebraska Society of Certified Public Accountants. Mr. Wiggins was active in numerous civic organizations, including membership in the Chamber of Commerce, the State Historical Society and the Mississippi Valley Historical Society. He conducted examinations of insurance companies for several different states in former years, and during the war volunteered his services to the Government.

### **Tax Return Forms**

The ruling of the Bureau of Internal Revenue that the distribution of income-tax-return forms to accountants and others would be curtailed as an economy measure, caused much concern among members of the Institute. The ruling was later interpreted, however, in such a way that the difficulty with which accountants were faced was largely removed.

On January 29th the secretary of the Institute addressed a letter to the commissioner of internal revenue pointing out that an allowance for reasonable latitude in providing forms on which returns on taxable income must be filed would expedite the filing of returns to the advantage of all concerned. The commissioner replied that collectors of internal revenue had been instructed to do their utmost to make an adequate distribution of all forms for tax purposes, but that forms for other than tax purposes would have to be purchased at a nominal cost. Again on February 7th the secretary wrote to Commissioner Helvering emphasizing the practical difficulties to taxpayers, as well as to their accountants, caused by the position taken by the bureau, and urged that the ruling on this matter be modified at least until the public had been educated to the fact that the procedure would be changed.

On February 10th Victor H. Stempf, chairman of the Institute's committee on Federal taxation, and the secretary called on Milton E. Carter, assistant to the commissioner of internal revenue, to discuss the matter. Mr. Carter explained that the only reason for limited free distribution of the tax-return forms was lack of funds. Congress, he said, had not made an appropriation sufficient to permit an unlimited number of forms. As a result of the

conference, however, the Institute representatives were informed that the bureau would publish to collectors a memorandum specifying that free copies of tax-return forms should be provided for the files of the tax practitioner who assists in the preparation of the return, in cases in which the taxpayer avails himself of such outside assistance.

These developments were reported to the presidents of state societies of certified public accountants on February 11th, and it was suggested that the state societies cooperate by asking their representatives in Congress to make funds available to the bureau for printing an adequate supply of forms.

### **State Legislation**

#### **KENTUCKY**

House Bill 178, which would have the effect of repealing the existing Kentucky accountancy law and substituting for it an act of the two-class restrictive type, was passed in the House on February 11th and was reported favorably to the Senate on February 24th.

### **Tax Survey**

The Pennsylvania State Chamber of Commerce at its 21st annual meeting held on February 16th made public a report by Clarence L. Turner, of Philadelphia, a member of the Institute's committee on Federal taxation, on a comparative study of corporate taxes in 15 industrial states. The purpose of the study was to provide an answer to the question, "Are business corporations taxed more heavily by the Commonwealth of Pennsylvania than by other states?" Mr. Turner's conclusion was that corporations generally do pay higher taxes in Pennsylvania than in any other of the 14 states included in the study.

## **Fiftieth Anniversary Proceedings**

The volume containing the complete proceedings of the Institute's fiftieth anniversary celebration, as well as other historical matter, made its appearance and was distributed in February.

The book contains approximately 560 pages, including ten pages of illustrations.

Of particular interest is that section of the book, some 280 pages, devoted to round-table discussions in which practitioners and instructors—including many of wide reputation—exchanged views on controversial matters. This is the only publication of the text of these discussions. The subjects, chosen because of their great interest to all accountants, are as follows:

- Developments in accounting theory and practice since 1929
- Reorganization under the revenue acts
- Accountants' certificates
- Inventory—what is the lower of cost or market?
- Practice problems of accountants in connection with registration statements
- Accounts of governmental authorities
- Education for the accountant
- To what extent can the practice of accounting be reduced to rules and standards?
- Pricing product under the Robinson-Patman act
- Aptitude tests for staff accountants

The book also contains a history of the Institute from the founding of the American Association of Public Accountants. There is an appendix in which historical documents of interest are reproduced.

Those who paid the registration fee at the fiftieth anniversary celebration were thereby entitled to receive a free copy of the book. It has been placed on sale to others at \$4 a copy.

## **Savings and Loan Accounting**

The Institute's special committee on savings-and-loan accounts is at present engaged in review and criticism of a tentative draft of a standard program of audit of savings-and-loan associations. It is planned that after necessary revision is completed the audit procedure will be submitted to state societies for criticism.

The need for such a standard program was made clear to the committee in conversations with officers of the Federal Home Loan Bank Board and representatives of the United States Building and Loan League. Audits of savings-and-loan associations insured by the Federal Government are required by law. These audits may be performed, at the discretion of the association, by independent accountants or by examiners of the Federal Home Loan Bank Board. It is reported that many of the audits made by independent accountants have differed widely in scope and procedure and that certificates have sometimes been so broadly qualified as to be without value for the purposes of the board.

It is hoped that publication of a standard audit procedure acceptable to the board will help to bring about a more uniformly high level of performance in engagements of this kind.

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The secretary and assistant secretary of the Institute, on February 28th, met with George L. Bliss, president of the Federal Home Loan Bank of New York and chairman of the accounting division of the United States Building and Loan League, for discussion of problems related to the auditing of savings-and-loan associations. Various means of coöperation between the Institute, the League and the Federal Home Loan Bank Board were discussed. A sugges-

tion was considered that the state societies of certified public accountants appoint committees on savings-and-loan association accounting and arrange discussion groups at which accountants might familiarize themselves with the uniform system of accounting and the financial statement forms adopted by the League.

### **Secretary Meets with State Directors**

On February 17th the board of directors of the Connecticut Society of Certified Public Accountants held a regular meeting at New Haven, at which the secretary of the American Institute of Accountants was present by invitation, to discuss plans for close coöperation between the Connecticut Society and the national organization. Of particular importance was the discussion centering around coördination of effort to eliminate competitive bidding, to which reference is made elsewhere in this bulletin.

Other subjects of discussion were the development of membership of both the state and national organization, the extension of the state society's public relations program, the need for more intensified effort in behalf of the natural business year and problems related to scarcity of tax-return forms, and the difficulty of obtaining extensions for filing tax returns.

Plans were laid for a meeting of the Connecticut Society in April at which it was tentatively agreed that the recent booklet published by the Institute, *A Statement of Accounting Principles*, would be the basis of discussion.

Frank A. Gale, assistant secretary of the Institute, was also present at the meeting by invitation. On the following day he conferred at Hartford with Guy Cambria, vice-president of the Connecticut Society, and Joseph Krauskopf,

chairman of its committee on natural business year, on detailed plans for collaboration between the Connecticut Society and the Institute.

Those present at the meeting of the board of directors at New Haven were: J. William Hope, president of the Connecticut Society; Guy Cambria, vice-president; Edward I. Petze, secretary; Milton H. Friedberg, treasurer; Clarence L. Johnson, auditor; Charles F. Coates, representing the state board of accountancy; the following directors: Maurice L. Blanchard, Monroe H. Doolittle, Russell C. Everett, Harry Jacobs, Maxwell E. Lerner; the secretary and assistant secretary of the Institute.

It is worthy of note that at an evening meeting in the midst of the busy season, only one director was absent.

The board of directors has adopted the custom of meeting at dinner, at which individual members of the board take turns as hosts. At the New Haven meeting the directors were the guests of Monroe H. Doolittle at the Union League Club.

Within the past three or four years the Connecticut Society has been successful in eliminating advertising and soliciting among its members, and has now successfully begun a war on competitive bidding. The society has just commenced publication of a regular monthly bulletin, the second issue of which contains twenty pages.

Active committees on public relations and natural business year have been organized and are coöperating with the American Institute of Accountants in their work.

Meetings with attorneys, bankers and credit grantors are being planned.

An exceedingly active membership committee is steadily increasing the roster.



### Lecture and Study Group

The next meeting of the Institute's New York lecture and study group will be held at The Town Hall Club, Tuesday evening, March 29th.

Discussion will be based on specific sections of "A Statement of Accounting Principles." Samuel J. Broad and Professor Roy B. Kester will lead the discussion. Mr. Broad will approach the subject from the viewpoint of a practising public accountant, and Professor Kester from an academic viewpoint.

### Comment on Audits

In an article by Walter Lippmann, which appeared in newspapers of February 17th, regarding the proposed reorganization of the executive branch of the Federal Government, there occurred the following paragraphs which are of particular interest to accountants:

"Surely it must be clear that if Congress is to hold the Executive truly accountable, it must receive independent reports on what has actually been done with the money. There must, as the accountants say, be an audit made by an agent of Congress. We have no audit today. For, since the comptroller may decide in advance how the money is to be spent, his reports are simply reports approving the correctness of his own decisions. An audit to be any good at all must be made by some one who had nothing to do with the original decision. For if he had anything to do with it, he is already committed, and what he says has no value as an independent examination.

"Now, unfortunately, the pending bills do not very clearly recognize the difference between the power to approve payments in advance and the power to audit them afterwards. These two functions are still somewhat confused though it would seem as if the present bills were at least headed

definitely in the right direction, towards the establishment of a Congressional audit. They ought if possible to be clarified and strengthened. For it seems very clear, from the experience of Britain, and from the best corporate practice in this country, that the only way to impose financial accountability is through a real audit, and the only way to get a real audit is to have it made by someone who has had nothing whatever to do with any decision to spend the money. Thus, in a well managed corporation the stockholders are furnished an audit, made not by the directors or by the officers but by an outside accountant.

"If Congress is to hold the Executive accountable, it must do it not by a watchdog who pretends to approve all payments but really cannot begin to do that—it must do it by getting full reports of what has been done and these reports must be made by its own agent. Then Congress can call upon the Executive for explanations and know what it is talking about. The knowledge that every transaction is going to be reported to Congress and that any transaction may have to be explained to Congress is the best guarantee that could be devised to make the Executive responsible."

### Correction

Since publication of the January issue of THE CERTIFIED PUBLIC ACCOUNTANT, the Institute has received from the Michigan Association of Certified Public Accountants the following correction in the list of officers of the Central Michigan chapter, which appeared on page 34 of that issue:

#### *Central Michigan Chapter:*

President—Ray C. Lynn, 307 Mutual Bldg., Lansing.

Vice-president—E. M. Stanton, 1211 Security Bank Bldg., Battle Creek.

Secretary-Treasurer—Lyle D. Hepfer, 1207 Walsh St., Lansing.

**Come March Fifteenth**

[While the publication of poetry in this bulletin is unusual, the following verses, reprinted from the *New York Herald Tribune* of February 28th, are so appropriate that we believe readers of THE CERTIFIED PUBLIC ACCOUNTANT will enjoy them. The poet is Melville Cane, an attorney, who is well acquainted with some members of the Institute.—*Editor.*]

Tempus is fugiting, deadline is beckoning,  
Morgenthau's fidgeting, Morgenthau's reckoning.  
Why is the brain, when it needs to coördinate,  
Hopelessly negative, blank, insubordinate?  
Why am I paralyzed, worse than a nincom-  
Poop, when I'm threatened to figure my income?  
Stomach's gone back on me, nerves are a-tingle,  
Why can't I tell if I'm married or single?  
Why must I ask of my nurse or attendant  
Whether I'm childless or own a dependent?  
Profit or loss on the sale of securities,  
This is but one of the minor obscurities,  
Bonds in default at their wretched maturities,  
Stocks that were sound but developed impurities.  
How to apply all the proper percentages,  
How to employ all the legal advantages,  
How to deduct every possible charity,  
What can be done with that debt of O'Flaherty?  
Lucky the fellow who's on relief,  
He gets his pay and he's spared the grief.  
Why have I labored? What has it all meant,  
When I must borrow to meet the installment?

I'm muddled  
And puzzled,  
I'm puddled  
And muzzled,  
I'm worried  
And harried,  
And still can't tell if I'm single or married.

I can't subtract and I can't divide.  
My troubles have added and multiplied.  
The missus begs me to figure *her* tax!  
Now, must a female submit to a sir-tax?

I just can't cope, I can't attack it,  
I don't know one from the other bracket.  
To be quite frank, it wouldn't hurt if I'd  
Seek an accountant, duly certified.

For—  
My spine needs starching,  
And the Ides are Marching.  
MELVILLE CANE

**Classified Advertisements**

In order to encourage the use of the classified advertising page in *The Journal of Accountancy*, it has been decided to reduce the cost of advertisements to members of the Institute from \$9 to \$5 an inch, effective with the April, 1938, issue. It is believed that a more general use of this page will benefit both the company seeking a staff man and the accountant (often a member of the Institute) who is seeking a connection.

**Yearbook Correction**

In the proceedings of the meeting of the Advisory Council of State Society Presidents, held on October 18, 1937, as published in the 1937 *Yearbook* of the Institute, H. C. Crane, president of the Alabama Society of Certified Public Accountants, was, through error, not included in the list of those present. Mr. Crane attended the meeting, and it should have been so recorded.

## Coöperation with Manufacturers Association

The American Institute of Accountants is coöperating with the National Association of Manufacturers in a plan to present to the general public the story of the contribution American business has made in the development of the United States.

The Institute is participating in the plan through its committee on coöperation with trade associations, of which J. Arthur Marvin, of New York, is chairman. The committee is asking individual members to volunteer as public speakers at meetings to be arranged by the manufacturers' organization. So far, definite acceptances of the invitation to speak have been received from 71 members of the Institute in 34 states and the District of Columbia.

Members of the Institute on the speakers' list will receive from the National Association of Manufacturers suggested topics and base material for their talks. They will be asked to appear at meetings held in cities convenient to their offices. In each case, they will discuss the broad facts about business, rather than accounting, but accounting will be discussed when it is a part of the general subject treated.

Encouragement of private initiative; maintenance and extension of sound industrial practices by industry; equitable employment relations throughout industry; creation of new and broader markets and constructive efforts by business to alleviate depression effects will be among the major topics to be treated in the forthcoming talks. They all will relate to "Industry's Platform for 1938," adopted by the National Association of Manufacturers at its 42nd annual meeting last December.

The Institute consented to coöperate only after it was agreed by its represen-

tatives and those of the speakers' bureau of the National Association of Manufacturers that the story of business was to be told, in so far as Institute speakers are concerned, without reference to politics.

## Auditor's Report—with Variations

A member of the Institute has sent to THE CERTIFIED PUBLIC ACCOUNTANT excerpts from the report submitted by an accountant after the audit of a Texas city in 1923, which is published here as an extreme example of variation from the usual.

*"To The Hon. City Council of the City of . . . . . Texas*

"GENTLEMEN:

"I herewith submit to a report of an audit of the City Books, and Vouchers, made by me, for the period beginning June 1, 1918 to April 30, 1923, both days inclusive.

"About the only thing I could do was to check up the receipts and disbursements, from what warrants that were turned over to me, by the City Secretary, and the receipts were largely taken from Bank Statements, with the exception of the Books of the City Collector's office, I found them in very good shape, about the only irregularity I found with them was, that all of his credits for moneys collected had to be taken from Bank Deposit slips, I never found a Treasurer's Receipt in any department of the City for the entire period of audit, but from what information that I have gotten, the City has had no City Treasurer who performed the duties of a City Treasurer, for the period of this audit, and therefore I can make no criticism of the officers whose duties it is to receive moneys belonging to the City, for not having a Treasurer's Receipt. . . .

"In conclusion will state that the balances that I have shown in the vari-

ous accounts, do not agree with the facts, but do agree with what record I have been able to find, and would suggest that you do not use these balances to open a new set of books, but that you do get the balances from the best source that you can, and then open a new set of books, with the balances so obtained.

"Respectfully submitted on this the 7th day of May, 1923."

### S.E.C. Practice

In the January issue of *The Spokesman*, official organ of the Pennsylvania Institute of Certified Public Accountants, John Carle Parry, Jr., president, commented as follows upon recent criticism by the Securities and Exchange Commission of financial statements certified by Pennsylvania certified public accountants:

"In two instances recently brought to my attention, the Securities and Exchange Commission, in connection with certain registrations and related financial statements, found cause to severely criticize two Pennsylvania certified public accountants for their accounting procedure and practices and their lack of independence.

"The commission's complaints and certain excerpts from the accountants' testimony before the commission, while edifying, make extremely unpleasant reading matter. They portray, in addition to indication of indifferent work and careless thinking by these men, evidence of a total deficiency of anything even remotely resembling a professional approach to the accounting engagement.

"Each of the accountants in reply to a direct question by the commission testified he 'thought it was just another statement.' What does this imply? Can it be that the coincidence of receiving a like answer from two accountants practicing in different localities, in cases differing in nature and widely separated as to time, denotes a

prevailing belief in the profession that financial statements and/or accompanying accountants' certificate need not *always* fully disclose all the pertinent facts? The exception presumably being when the client and accountant disagree as to the disclosure.

"It is unthinkable that accountants generally permit direct dictation by the client as to what and what not to disclose. Certainly the present reputation of our profession and the confidence reposed in us by the public deny the suggestion of any submission by us to such dictation, and yet our close relations to business management and our own background of personal business experience make us particularly receptive to the management point of view. This is indeed helpful, but it does require us to be continually on guard lest we lose our independent, professional outlook, without perhaps realizing that we have lost it. We then may convey the impression to others that outside influence has been brought to bear upon us, that we are not independent, when the pressure comes, at least partly, from within ourselves.

"Perhaps with a general tightening up of our own thinking machinery we will find it easier to maintain the independent viewpoint and to withstand pressure from clients.

"Accountants have never had a better chance, or been in a better position, than they are today to insist upon the presentation of clear and full financial statements. We have the support of Government and public opinion in this demand, and business management itself is steadily growing less arbitrary in insisting that its ideas prevail over those of its accountant.

"Let us take full advantage of the present opportunity to do a 'little insisting' ourselves, and let us feel confident that if our insistence upon disclosure of all the facts means the loss of the accounting engagement that the client will be unable to find any other member of the Institute willing to replace us."

## Announcements

T. Coleman Andrews, of Richmond, as a member of the committee on taxation and government of the Virginia State Chamber of Commerce, is co-author of a report entitled "Virginia State Finances, 1929-1937," which appeared in the January issue of *The Commonwealth*.

Mr. Andrews is also a director-at-large of Citizens Road League of Virginia, whose purposes are, among other things, to promote highway safety and foster the principle that taxes collected by the commonwealth on motor vehicles and motor fuel be used only for the maintenance and construction of roads.

Reynold E. Blight, of Los Angeles, delivered an address on "Economic conditions" before the members of the Renondo Beach Chamber of Commerce at the annual dinner at Renondo Beach, Calif., on January 19th. Mr. Blight also addressed the John Burroughs Junior High School at Los Angeles on "Opportunities for youth," January 31st.

Joseph Brodner, of New York, delivered an address on "The control of guests' safe deposit boxes in hotels," before the Hotel Accountants Association of Philadelphia, January 27th.

W. J. Carter, of Atlanta, has been appointed a member of the finance committee and of the government research committee of the Atlanta Chamber of Commerce.

W. B. Castenholz announces that he is no longer associated with the American Academy of Accountancy and is now interested in organizing the Ac-

countancy Training Institute which is to offer accountancy instruction through home study and recognized extension methods. This new school is not to be a correspondence school.

Roy T. Culey, of Los Angeles, has been appointed a member of the teachers' retirement board for the Los Angeles city school system.

Dix D. Dewey, of Elgin, Illinois, on February 15th delivered an address before the Kiwanis Club of Elgin on the subject, "Taxes."

Under the auspices of the National Association of Cost Accountants, William R. Donaldson on February 24th broadcast an address on the subject "How to prepare your individual income-tax return," from station WABC, New York, over the network of the Columbia Broadcasting System.

James L. Dohr, of New York, on December 28th addressed the members of the American Law Association at Atlantic City, N. J., on the subject of "Teaching of law to students of accounting."

Julius E. Flink, of Newark, N. J., recently addressed the New Jersey League of Building and Loan Associations on "Reorganizations, mergers and insurance of shares," at Asbury Park, N. J.

Herman Herwood, of New York, on January 11th addressed the Rotary Club of Bayonne, N. J., on the subject, "Recession or depression?"

J. William Hope, of Bridgeport, Conn., on January 20th addressed the members of the Kiwanis Club of Bridgeport on the subject of "Taxes."

Mr. Hope has been elected president of the Pomperang Council, Boy Scouts of America.

Benjamin Jacobs, of Philadelphia, has been appointed a member of the wage-negotiating committee for settlement of wage question between the unionized group of Full-Fashioned Hosiery Manufacturers and American Federation of Hosiery Workers.

Truman Joiner, of Boise, Idaho, has been appointed chairman of the taxation committee of the Boise Junior Chamber of Commerce.

Herman M. Knoeller, of Milwaukee, is the author of an article entitled "Commentary on 1936 surtax on undistributed corporate earnings," which was published in the December, 1937, issue of *Marquette Law Review*.

Ernest O. Palmer, of Chicago, on January 10th addressed the Chamber of Commerce of Evanston, Ill., on the subject, "Taxes based on income." On January 27th Mr. Palmer addressed a joint meeting of the Chamber of Commerce and Rotary Club of Kankakee, Ill., on the same subject.

Mr. Palmer is the author of an article entitled "Bedrock on income taxes," in the January issue of the *Illinois Journal of Commerce*.

W. F. G. Ross, of Chicago, has been elected vice-chairman of the accountants, auditors and appraisers committee of the Chicago Association of Commerce. Mr. Ross has also been appointed district chairman of the business and industrial committee of the Chicago City Manager Movement.

Orin O. Roundy, of Newark, N. J., on January 25th addressed the Hackettstown Kiwanis Club, at Hackettstown, N. J., on the subject, "American pioneers in Latin America." Mr. Roundy also delivered an address on January 28th to the members of the International Fraternity of Delta Sigma Pi—University of Newark, at Newark, N. J., on the subject of "Activities and qualifications of the certified public accountant."

Frank E. Seidman, of Grand Rapids, Mich., is contributing a series of articles to the Grand Rapids *Herald* on business and financial subjects. Mr. Seidman has recently contributed articles also to the magazines *Fine Furniture* and *Furniture Age*.

G. A. Treadwell, of New Orleans, has been appointed a member of the following committees of the New Orleans Association of Commerce: civic affairs, street and paving, and national defense. He has been re-elected vice-president of the Orleans Parish School Board.

## Volumes in the Circulating Library

### THE RULES

The circulating division of the Institute's library contains approximately 383 volumes. The privilege of borrowing books in this collection is limited to members, except under certain conditions, and is subject to the following regulations:

1. Application must be made in writing.

2. Books may be retained for a period of two weeks from the date stamped in the books. Allowance will be made for time lost in delivery.

3. Renewal may be granted provided no application from another member or associate has been received for the same book.

4. Books retained beyond the period of two weeks or renewal thereof shall involve a fine of five cents a day, plus three cents for each notice of delinquency sent.

5. When books borrowed are shipped by mail or express, the borrower shall pay the cost of shipment in both directions.

6. Charges paid by the library, fees and fines must accompany the books when returned.

7. The borrower must bear the risk of loss, including the risk of transit, and must pay the expense of replacing any book lost. If a book is damaged, the borrower must pay the amount of damage.

8. Works of reference, magazines as a whole and volumes which cannot be replaced at all, or without great expense, will not be included in the circulating library.

9. A non-member shall have the right, subject to the above regulations, to borrow from the circulating library provided he presents a written order from a member or an associate who shall guarantee payments for fees, carriage, loss or damage.

### THE COLLECTION

Following are the titles of volumes in the circulating library:

#### ACCOUNTANCY

**Anyon, James T.**

Recollections of the Early Days of American Accountancy, 1883-1893, 1925.

**Isaacs, Mervin**

Professional Accountancy Training in Collegiate Schools of Business, 1933.

**Littleton, A. C.**

Accounting Evolution to 1900, 1933.

**May, George Oliver**

Twenty-five Years of Accounting Responsibility, 1911-1936, 1936.

**Rich, Wiley Daniel**

Legal Responsibilities and Rights of Public Accountants, 1935.

**Richardson, A. P.**

Ethics of a profession, 1931.

#### ACCOUNTING

**Bell, Spurgeon, and Graham, Willard J.**

Theory and Practice of Accounting, 1935.

**Bennett, George E.**

Advanced Accounting, 1922.

Basic Accounting, 1925.

**Bentley, Harry Clark**

Science of Accounts, 1911.

**Bentley, Harry C., and Leonard, Ruth S.**

- Bibliography of Works on Accounting by American Authors, vol. 1, 1934.
- Bibliography of Works on Accounting by American Authors, vol. 2, 1935.
- Bliss, James H.**  
Management through Accounts, 1924.
- Budd, Thomas A., and Wright, Edward N.**  
Interpretation of Accounts, 1927.
- Canning, John B.**  
Economics of Accountancy, 1929.
- Cole, William Morse**  
Accounts, 1915.  
Fundamentals of Accounting, 1921.
- Dickinson, Arthur Lowes**  
Accounting Practice and Procedure, 1917.
- Dicksee, Lawrence R.**  
Advanced Accounting, 1932.
- Eggleston, DeWitt Carl**  
Modern Accounting Theory and Practice, 1930.
- Esquerré, Paul-Joseph**  
Accounting, 1927.
- Finney, Harry Anson**  
Introduction to Principles of Accounting, 1936.  
Principles of Accounting, vol. 1—Intermediate, 1934.  
Principles of Accounting, vol. 2—Advanced, 1934.
- Gilman, Stephen**  
Principles of Accounting, 1917.
- Goggin, Walter J., and Toner, James V.**  
Accounting, 1930.  
Laboratory Manual to Accompany "Accounting Principles and Procedure," part 1, 1930.  
Laboratory Manual to Accompany "Accounting Principles and Procedure," part 2, 1930.
- Greer, Howard C.**  
How to Understand Accounting, 1928.
- Hatfield, Henry Rand**  
Accounting, Its Principles and Problems, 1927.
- Husband, George R., and Thomas, Olin E.**  
Principles of Accounting, 1935.
- Kester, Roy B.**  
Accounting Theory and Practice, vol. 2—Advanced Accounting, 1933.  
Accounting Theory and Practice, vol. 1—Principles of Accounting, 1930.
- Kilduff, Frederic W.**  
Auditing and Accounting Handbook, 1924.
- Kohler, Eric L., and Morrison, Paul L.**  
Principles of Accounting, 1931.
- Langer, Charles H.**  
Accounting Principles and Procedure, 1933.
- McKinsey, James O., and Noble, Howard S.**  
Accounting Principles, 1935.
- Paton, W. A., ed.**  
Accountants' Handbook, 1932.
- Paton, William Andrew, and Stevenson, R. A.**  
Principles of Accounting, 1918.
- Porter, Charles H., and Fiske, Wyman P.**  
Accounting, 1935.
- Prickett, Alva L., and Mikesell, R. Merrill**  
Introduction to Accounting, 1930.
- Rorem, C. Rufus**  
Accounting Method, 1928.
- Saliers, Earl A.**  
Fundamentals of Accounting, 1935.
- Saliers, Earl A., and Holmes, Arthur W.**  
Basic Accounting Principles, 1937.
- Schnackel, H. G., and Lang, Henry C.**  
Accounting by Machine Methods, 1929.
- Sprague, Charles Ezra**  
Philosophy of Accounts, 1918.
- Streightoff, Frank Hatch**  
Advanced Accounting, 1932.  
Elementary Accounting, 1928.
- Sweeney, Henry Whitcomb**  
Stabilized Accounting, 1936.
- Taylor, Jacob B., and Miller, Hermann C.**  
Intermediate Accounting, vol. 1, and vol. 2, 1933.



- Taylor, R. Emmett, and Owens, Richard N.**  
Elements of Accounting, 1930.
- Wolff, Arthur**  
Practical Accounting, 1905.
- Yang, J. M.**  
Goodwill and Other Intangibles, 1927.

## AGRICULTURE

- Scovill, Hiram Thompson**  
Farm Accounting, 1918.

## AUDITING

- Bell, William H.**  
Accountants' Reports, 1934.
- Bell, William H., and Powelson, John A.**  
Auditing, 1924.
- Bennett, George E.**  
Auditing, 1925.
- Byrnes, Thomas W., and Baker, K. Lanneau**  
Auditing Laboratory Set, 1936.
- Castenholz, William B.**  
Auditing Procedure, 1931.
- Cipriani, Alfred B.**  
Duties of the Junior Accountant, 1933.
- Cutforth, A. E.**  
Audits, 1936.
- Eggleston, DeWitt Carl**  
Auditing Procedure, 1935.  
Auditors' Reports and Working Papers, 1929.
- Hanson, Arthur Warren**  
Problems in Auditing, 1935.
- Himmelblau, David**  
Auditors' Certificates, 1927.
- Hogan, Thomas J., and Finnen, Malachi A.**  
Outline of Audit Procedure, 1933.
- Jackson, J. Hugh**  
Audit Working Papers, 1923.  
Auditing Problems, 1929.  
Auditing Problems, Key and Manual, 1930.
- Kohler, Eric L., and Pettengill, Paul W.**  
Principles of Auditing, 1932.
- Miller, Franklin, and Company**  
How to Audit, 1930.
- Montgomery, Robert Heister**  
Auditing, Theory and Practice, 1934.
- Montgomery, Robert H., and Staub, Walter A.**  
Auditing Principles, 1924.
- Palmer, Leslie E., and Bell, William H.**  
Accountants' Working Papers, 1929.
- Peloubet, Maurice E.**  
Audit Working Papers, Their Function, Preparation and Content, 1937.
- Sherwood, John F., and Hornberger, Donald J.**  
Fundamentals of Auditing, 1933.
- Smith, C. Aubrey**  
Internal Audit Control, 1933.
- Spicer, Ernest Evan, and Pegler, Ernest C.**  
Practical Auditing, 1921.
- Thornton, F. W.**  
Duties of the Senior Accountant, 1932.  
Financial Examinations, 1933.
- Trouant, D. L.**  
Financial Audits, 1937.
- Wildman, John Raymond**  
Principles of Auditing, 1916.
- Wren, James H.**  
Accountants' Certificates, 1937.

## BANKING, LOANS, ETC.

- American Association of Personal Finance Companies**  
Uniform System of Accounting for Personal Loan Companies, 2 vols. 1931.
- American Savings and Loan Institute**  
Standard Accounting Manual for Savings, Building and Loan Associations, 1936.
- Beach, Frank Loomis**  
Bank System and Accounting, 1927.
- Chapman, John M., and Westerfield, Ray B.**  
Problems in Banking, Money and Credit, 1927.
- Clark, Horace F., and Chase, Frank A.**  
Elements of the Modern Building and Loan Associations, 1925.
- Hetzel, Frederick W.**  
Analyzing Checking Accounts Scientifically, 1936.

- Langston, L. H.**  
Bank Accounting Practice, 1937.
- Millet, John I.**  
Bank Audits and Examinations, 1927.
- Page, R. G., and Gates, Payson G.**  
Work of Corporate Trust Departments, 1927.
- Riegel, Robert, and Doubman, J. Russell**  
Building and Loan Association, 1927.
- Southworth, Shirley Donald**  
Branch Banking in the United States, 1928.
- Woolley, E. S.**  
How to Obtain Bank Costs, 1936.
- Young, Benjamin E.**  
Bank Cost Control, 1933.
- BOOKKEEPING
- Fearon, Edwin H.**  
Intensive Bookkeeping and Accounting, 1935.
- Jackson, J. Hugh, Sanders, Thomas Henry, and Sproul, A. Hugh**  
Bookkeeping and Business Knowledge, 1931.
- Rosenkampff, Arthur Henry, and Wallace, William Carroll**  
Bookkeeping, Principles and Practice, 1929.
- COMMERCIAL LAW
- Greeley, Harold Dudley**  
Law for Laymen, 1932.
- Huffcut, Ernest Wilson**  
Elements of Business Law, 1917.
- Kanzer, Edward M., and Gerstenberg, Charles W.**  
Essentials of Business Law, 1934.
- CONSOLIDATIONS
- Finney, H. A.**  
Consolidated Statements, 1922.
- Newlove, George Hillis**  
Consolidated Balance Sheets, 1926.
- CORPORATIONS
- Altman, George T.**  
Recording Sales Transactions, 1924.
- Balderston, C. Canby**  
Managerial Profit Sharing, 1928.
- Berle, Adolf A., Jr., and Means, Gardiner C.**  
Modern Corporation and Private Property, 1932.
- Bishop, Avar Longley**  
Financing of Business Enterprises, 1929.
- Bonbright, James C., and Means, Gardiner C.**  
Holding Company, 1932.
- Bowman, Raymond T.**  
Statistical Study of Profits, 1934.
- Bruère, Henry, and Lazarus, Arthur**  
Applied Budgeting, 1926.
- Burtchett, Floyd F.**  
Corporation Finance, 1934.
- Conyngton, Thomas, and Bennett, R. J.**  
Corporation Procedure, 1927.
- Cutforth, A. E.**  
Methods of Amalgamation and the Valuation of Business for Amalgamation and Other Purposes, 1938.
- Dewing, Arthur Stone**  
Financial Policy of Corporations, 1934.
- Fordham, Thomas B., and Tingley, Edward H.**  
Organization and Budgetary Control in Manufacturing, 1924.
- Foster, William Trufant, and Catchings, Waddill**  
Profits, 1925.
- Gerstenberg, Charles W.**  
Financial Organization and Management of Business, 1936.
- Grange, William J.**  
Corporation Law for Officers and Directors, 1935.
- Hilgert, Joseph Robert**  
Cost Accounting for Sales, 1926.
- Hoagland, Henry E.**  
Corporation Finance, 1933.
- James, Gorton, Dennison, Henry S., Gay, Edwin F., Kendall, Henry P., and Burritt, Arthur W.**  
Profit Sharing and Stock Ownership for Employees, 1926.
- King, Willford Isbell**  
National Income and Its Purchasing Power, 1930.

- Lytle, Charles Walter**  
Wage Incentive Methods, 1929.
- Magill, Roswell**  
Taxable Income, 1936.
- Mannix, Raymond L.**  
Accounting for Corporations, 1934.
- Marple, Raymond P.**  
Capital Surplus and Corporate Net Worth, 1936.
- National Industrial Conference Board, Inc.**  
Budgetary Control in Manufacturing Industry, 1931.
- Paton, W. A.**  
Corporate Profits as Shown by Audit Reports, 1935.
- Preinreich, Gabriel A. D.**  
Nature of Dividends, 1935.
- Reiter, Prosper**  
Profits, Dividends and the Law, 1926.
- Rowland, Floyd H.**  
How to Budget for Profit, 1933.
- Sinclair, Prior**  
Budgeting, 1934.
- Sloan, Laurence H.**  
Corporation Profits, 1929.
- Stevens, W. Mackenzie**  
Financial Organization and Administration, 1934.
- Sunley, William T., and Pinkerton, Paul W.**  
Corporation Accounting, 1931.
- Twyford, H. B.**  
Purchasing, Its Economic Aspects and Proper Method, 1924.
- Waterman, Merwin H.**  
Financial Policies of Public Utility Holding Companies, 1932.
- COST ACCOUNTING
- Amidon, L. Cleveland, and Lang, Theodore**  
Essentials of Cost Accounting, 1928.
- Atkins, Paul M.**  
Industrial Cost Accounting for Executives, 1923.
- Camman, Eric A.**  
Basic Standard Costs, 1932.
- Castenholz, William B.**  
Control of Distribution Costs and Sales, 1930.
- Cost Accounting Procedure, with Charts by Ennes C. Rayson, 1931.
- Church, Alexander Hamilton**  
Manufacturing Costs and Accounts, 1929.  
Overhead Expense in Relation to Costs, Sales and Profits, 1930.  
Proper Distribution of Expense Burden, 1908.
- Dohr, James L., Inghram, Howell A., and Love, Andrew L.**  
Cost Accounting, Principles and Practice, 1935.  
Cost Accounting Practice Problems, 1935.
- Eggleston, DeWitt Carl**  
Problems in Cost Accounting, 1918.
- Eggleston, DeWitt Carl, and Robinson, F. B.**  
Business Costs, 1921.
- Gillespie, Cecil Merle**  
Accounting Procedure for Standard Costs, 1935.  
Introductory Cost Accounting, 1932.
- Greer, Howard C., and Willcox, Russell S.**  
Problems in Cost Accounting, 1931.
- Harrison, G. Charter**  
Standard Costs, 1930.
- Jordan, J. P., and Harris, Gould L.**  
Cost Accounting Principles and Practice, 1925.
- Lawrence, W. B.**  
Cost Accounting, 1935.
- Nicholson, Jerome Lee, and Rohrbach, J. F. D.**  
Cost Accounting, 1919.
- Reitell, Charles**  
Cost Accounting, Principles and Methods, 1933.
- Reitell, Charles, and Van Sickle, Clarence**  
Accounting Principles for Engineers, 1936.
- Sanders, Thomas Henry**  
Cost Accounting for Control, 1934.  
Problems in Industrial Accounting, 1930.
- Schlatter, Charles F.**  
Elementary Cost Accounting, 1927.

- Scott-Maxwell, J. M.**  
Costing and Price-fixing, 1923.  
**Willcox, Russell S.**  
Cost Accounting, 1934.

## DEPRECIATION AND VALUATION

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*Officers 1937-1938*

### AMERICAN INSTITUTE OF ACCOUNTANTS

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## The Revenue Act

ACCORDING to plans announced in the March issue of THE CERTIFIED PUBLIC ACCOUNTANT, the committee on Federal taxation of the American Institute of Accountants on March 18th appeared before the Senate finance committee and made recommendations for revision of the Federal revenue act. Victor H. Stempf, chairman of the committee, appeared at the Senate hearings and presented a comprehensive memorandum, referring particularly to the provisions of the bill which had been passed by the House of Representatives.

The memorandum stated at the outset that it approached the subject of income-tax revision solely from the standpoint of sound principles of taxation, without regard to social or political aspects of the problem. Its first recommendation was that taxation should be based upon fixed principles having a closer relation to sound accounting procedure and conservative business practice. The memorandum stated the committee's unalterable opposition to the undistributed-profits tax and urged its outright repeal. Other broad recommendations were that the capital-gains section be further modified, that the suggested "third basket" tax be rejected, that the base of income taxation be broadened, and that consolidated returns be made mandatory. The committee also commented upon detailed provisions of the act and the proposed bill and upon problems of administration.

Noteworthy was its strong recommendation that a well qualified, nonpartisan commission be formed to establish fixed principles of income taxation and related administrative procedure. The committee also suggested that the time for filing income-tax returns be extended to the fifteenth day of the fourth month following the close of the taxable year.

The full text of the memorandum of the Institute committee will appear in the May issue of *The Journal of Accountancy*, together with other comment on the subject of the tax bill.

## Municipal Accounting Conference

THE need for better accounting and business methods in the fiscal management of American cities and towns gave background for a national conference on municipal accounting and finance held by the American Institute of Accountants at the Stevens hotel in Chicago on March 28th and 29th. The sessions were attended by several hundred certified public accountants, members of the bar, public finance officers, and representatives of surety company and investment bankers' groups.

The conference was arranged by the Institute's committee on governmental accounting of which George P. Ellis, of Chicago, is chairman, with the active coöperation of Carl H. Chatters, executive director of the Municipal Finance Officers Association, and the assistant secretary of the Institute.

Ten state and national tax, surety, investment banking, bar, civic, accounting, and commercial organizations coöperated with the Institute committee in planning for the conference. These were the National Committee on Municipal Accounting, Illinois Society of Certified Public Accountants, Municipal Finance Officers Association, Tax Policy League, National Association of Cost Accountants, National Municipal League, committee on better audits of the Surety Association of America, Investment Bankers Association, Illinois Bar Association, and the Illinois Chamber of Commerce.

The topics of discussion covered a wide range of problems arising in the development and installation of efficient accounting systems for municipalities.

A keynote address by Chairman Ellis opened the conference on the morning of Monday, March 28th. Frank J. Flanagan, of the finance committee staff of the city of Chicago, who is chairman of the National Committee on Municipal Accounting, presided at the opening session. Following the address by Chairman Ellis, Mr. Chatters discussed the work of the National Committee.

A technical session was held on the afternoon of March 28th with Fayette H. Elwell, of the University of Wisconsin, member of the Institute and of the executive committee of the National Committee, presiding. The subject for discussion was "Aspects of accounting as related to internal management of the municipality."

Speakers at the technical session included Deneen A. Watson, of Chicago, representing the Illinois Bar Association, whose subject was "Legal obstacles in connection with municipal accounting and finance," and Robert Steinemann, of New York, chairman of the committee for better audits of the Surety Association of America, who discussed the surety company's interest in municipal audits. Albert E. Neale, chairman of the municipal accounting committee of the National Association of

Cost Accountants and city auditor of Springfield, Mass., spoke on "The possibilities in municipal cost accounting." C. C. Ludwig, executive secretary of the League of Minnesota Municipalities, discussed aspects of accounting involved in making and controlling the municipal budget.

A conference dinner brought the first day's sessions to a close. The dinner speaker was E. F. Bartelt, commissioner of accounts and deposits of the United States Treasury Department, who gave a comprehensive illustrated address on "Accounting controls in the Federal Government." Mr. Bartelt was introduced by Herbert F. Emmerich, of Chicago, assistant director of the Public Administration Clearing House. Chairman Ellis presided at the dinner.

The subject of municipal accounting installations was discussed at a breakfast round table on the morning of March 29th. Donald C. Stone, of the Public Administration Service, Chicago, presented a paper on the making of surveys to determine needs for accounting installations. The technique of these installations was discussed by T. Coleman Andrews, of Richmond, Va., who is a member of the special committee on governmental accounting of the Institute. Harvey C. Daines, also a member of the Institute and Assistant comptroller of the University of Chicago, presided at the round table.

Another breakfast round table, devoted to the discussion of theory and practice in municipal accounting, was held on the morning of March 29th. J. H. Gilby, certified public accountant of Chicago, presided. Lloyd Morey, of Urbana, Ill., member of the Institute committee and vice-chairman of the National Committee on Municipal Accounting, presented a paper on "The basic principles of municipal accounting." George D. Bailey, Detroit member of the Institute, spoke on "The practical application of municipal accounting principles."

Following the two breakfast round tables on Tuesday, March 29th, a general session of the conference was held late in the morning. At this session, H. L. Woolhiser, city manager of Winnetka, Ill., spoke on "Financial planning for the municipality." There followed a luncheon conference at which the speaker was James W. Martin, commissioner of revenue of the state of Kentucky. His subject was "A program of municipal revenues and expenditures to meet changing social, economic, and political conditions." Edward B. Wilcox, of Chicago, member of the Institute and vice-president of the Illinois Society of Certified Public Accountants, presided at the luncheon.

The luncheon conference was followed by a nontechnical session, devoted to discussion of the subject, "Accounting as related to agencies outside government." Stuart M. Campbell, of Chicago, a member of the Institute, presided at the session, which opened with an address on "Accounting reports and municipal credit," by John S. Linen, chairman of the municipal securities committee of the Investment Bankers As-



sociation and second vice-president of Chase National Bank, New York. Following Mr. Linen, A. R. Hatton, of Northwestern University, presented a paper on "Personnel in municipal accounting offices." He was followed by Douglas Sutherland, secretary of the Civic Federation and Bureau of Public Efficiency, Chicago, who discussed "The public's interest in municipal reports."

At the closing session of the conference, those present adopted unanimously a resolution introduced by Hiram T. Scovill, president of the Illinois Society of Certified Public Accountants and professor of accounting at the University of Illinois. The resolution read:

"WHEREAS, The national conference on municipal accounting and finance was called by the American Institute of Accountants for the purpose of discussing and bringing to public attention the need for better business and accounting methods in the fiscal management of cities and towns, and

"WHEREAS, Conditions exist in many cities which defeat the purposes of good management and sound accounting, causing in many cases misinformation as to the true financial position of local governments and

"WHEREAS, Those attending this conference on municipal accounting and finance recognize an obligation on their parts to do all they can constructively to improve the business and accounting methods employed by those many municipalities which need improvement and education, be it

"RESOLVED, That this conference go on record as favoring the widest possible publicity for the financial affairs of communities and as favoring also a campaign of education by the groups coöperating in this conference to the end that the public and municipal officials alike will demand improvement where it is needed, and be it

"FURTHER RESOLVED, That the general public be urged to take more interest in the financial reports of local governments and to give more study to these reports, to the end that they shall be in every case efficiently prepared and honestly reflect the conditions with which they deal."

Study of the attendance at the conference shows that 17 states were represented among the registrants. Those states are Illinois, Kentucky, Michigan, Virginia, West Virginia, New York, New Jersey, Pennsylvania, Minnesota, Iowa, Wisconsin, Massachusetts, North Carolina, Maryland, Mississippi, Ohio, and Indiana. Washington, D. C., was also represented among the registrants.

Total registration for the conference was 117. A larger number attended several sessions, notably those on the afternoons of Monday and Tuesday when the audiences included more than 200 surety company and investment banking representatives who had not registered for the full conference. Attendance of more than 200 was reported at a dinner held as a

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part of the conference program on the night of March 29th by the Illinois Society of Certified Public Accountants. A feature of this dinner was an address by State Senator T. V. Smith of Illinois, who is professor of philosophy at the University of Chicago. His subject was "Economics and politics."

The Illinois Society also held on Tuesday afternoon, March 29th, a special session devoted to discussion of the subject, "Accounting principles." Professor Scovill presided at this meeting, which was featured by addresses on "Institutional accounting," by Lloyd Morey, and on "General or private accounting," by M. M. Stone, of Chicago, and A. C. Littleton, professor of accounting at the University of Illinois.

Proceedings of the conference on municipal accounting and finance will be published. Those who registered at the conference will each receive one copy of the proceedings without cost. The proceedings will be available at nominal cost to those who did not register.

# A Collector's Viewpoint

BY R. M. COOPER

**I**F I were to name my subject it would probably be the much used and almost hackneyed one of "Coöperation," but after more than four years in the office of collector, I must confess that, hackneyed or not, I cannot get away from the theme of coöperation.

With the knowledge that I may be publicly quoted, I say to you that we welcome the aid and assistance of the public accountant in our organization. I sometimes fear and shudder when I see a taxpayer come into my office accompanied by a lawyer. On the other hand, I always welcome the presence of a public accountant. The latter argues facts, whereas the former frequently appeals to the jury.

## COÖPERATION WITH ACCOUNTANTS

When I came into office in July, 1933, I issued but one order, namely, that the deputy collectors, both in the office and field, must remind the taxpayer that this thing commonly known as Government is nothing but a big public-service corporation—living, real, with heart and soul—operated by human beings, and that the deputy must treat the taxpayer as a stockholder in this public-service corporation, just as the deputy would treat a stockholder in a cotton mill, banking institution, or mercantile establishment in which he were an employee.

Similarly, I have instructed every deputy to allow no opportunity to escape in gaining the confidence of the accountants, as I know it is impossible to render the service expected without your confidence and coöperation. Obviously, our problems are the same and there is much to be gained by close affiliation. Our deputies report that they have been met more than halfway, and I welcome this opportunity to thank you for that splendid assistance. We have urged the accountants to make use of the headquarters office in Columbia as well as our offices in Orangeburg, Charleston, Florence, Rock Hill, Spartanburg, Greenville, and Greenwood. There are many things in which we cannot help you, but realizing your perplexing problems and your shortage of time, we know that it is almost impossible to familiarize yourselves with the constant changes in laws and procedure and the many court decisions with which you must be conversant in order to give intelligent service to your clientele. You are confronted with matters which involve the application of the law to a certain state of fact and which require hours of research and study. Much of this may be avoided by communicating with one of our deputies. May I recite the following story.

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NOTE.—Address delivered by R. M. Cooper, collector of internal revenue, at a recent meeting of the South Carolina Association of Certified Public Accountants, Columbia, S. C.

“When Benjamin Franklin was 19 years old he visited London. He was in search of work, went straight to a printing office and made known his errand. The foreman was rather disdainful and said, ‘Ah, a lad from America seeking employment as a printer! Well, do you really understand the art of printing? Can you set type?’

“Young Franklin stepped to one of the cases and in a brief space set up the words from the first chapter of John’s Gospel, ‘Nathanael said unto him, Can there any good thing come out of Nazareth? Philip saith unto him, Come and see.’ The text conveyed such a delicate rebuke, and the work was done so quickly and accurately that a position was granted him at once.”

We may not be Nazareth, but it is always our desire to be of real assistance.

#### AUDITS AND COLLECTIONS

Without in the least intending to reflect upon any other organization, let me remind you that there are two definite and distinct setups under the Treasury Department, namely, the office of the collector of internal revenue and that of the internal revenue agent in charge. The functions of these two offices are daily confusing to the taxpayer and very often confused in the mind of the accountant. As you well know, our chief duty is that of collecting the taxes. We do check small returns, chiefly from salaries of \$5,000 or less, while the internal revenue agent’s office handles all of the corporation returns and individual returns over \$5,000. Following the filing period, our office gives each return a courtesy audit. In this audit we attempt to correct mathematical errors and to call to the attention of the taxpayer, for his convenience, any glaring irregularities. However, if the taxpayer protests, we withdraw from the scene, permitting the taxpayer to await the action of the internal revenue agent.

With your permission and without wishing to appear in the least degree critical, permit me to refer to a few instances in the past which have evoked more or less criticism.

#### EXTENSIONS

First of all, I would refer to the annual requests for extensions in filing income-tax returns. Both accountants and taxpayers fail to understand why such extensions are not more readily granted, especially when the taxpayer pays interest. I admit that it is somewhat hard to explain this story, but if I could take you to Washington behind the scenes and show you the evil results of extensions, I am sure you would become more reconciled to the Government’s viewpoint. The vast majority of complaints come from those who have been granted extensions. I realize that the taxpayer likes to have his books audited and his returns prepared by his regular accountant from year to year, and I also know that it is hard

to cover the field from January 1st to March 15th. My answer to this is: attempt to have your clients file on a fiscal rather than a calendar-year basis. In the past few years I have suggested this to numbers of taxpayers and in practically every instance the first response was: "That is impossible." However, in cases where this change has actually been tried, we have received numbers of letters thanking us for the suggestion. Many taxpayers seek postponements from habit or procrastination, and I wish I had time to read you letters from numbers of such taxpayers who, when refused extensions, have actually thanked us for forcing them to comply with the rules.

#### FORMS

I would call your attention to another grievance, which arises through requests for more forms than are necessary. Although this practice is not universal, last year we were requested by one accountant to furnish him 645 copies of form 1040, 120 of form 1040A, 1,500 of form 1099, 75 of form 1096, 300 of form 1120, 60 of fiduciary-return form 1041 (there were only 338 filed in the entire district), 50 of gift-tax return form 709, and 50 of gift-tax return form 710 (there were only 83 filed in the entire district).

We welcome the opportunity of rendering service, but we must protect the Government's interest just as you would your own or your client's.

There are many cases in which we strive to assist the accountant. In fact, we are always zealous in his interest. For instance, last year we granted the maximum extension to every accountant or taxpayer who requested one for the unjust-enrichment tax.

#### GOVERNMENT SERVICE

We have a news-item clipping arrangement and whenever we learn of the creation of a new corporation, the amalgamation of existing ones, the increasing of capital stock, or anything of that nature wherein the taxpayer may become involved, we notify him by letter or telephone, "tipping" him off, so to speak, and advise and counsel with him. I have in my files a letter from the head of a large corporation in this state telling me that our services had saved him over \$4,000 in taxes last year. In this particular case we happened to know the accountant representing this concern, and our dealings were with him rather than the corporation.

We take the attitude that the taxpayer is the Government, and that in representing the Government we do so through the taxpayer.

The collector's office has never considered one's personal or political views in the handling of tax cases. We make mistakes; we try to be big enough to admit them. We are frequently blamed for existing laws. The laws are made by your representatives in Congress and interpreted by agencies of the Government. We execute the laws and our path is clear and limited.

Please be reminded that the collector's office is periodically checked by examiners from Washington, just as carefully, definitely, and precisely as are national banks or any other similar governmental agencies. Collectors' offices are probably the largest credit houses in the country, and the collection of taxes necessitates prompt action on all overdue accounts at the first sign of a threatened decline in commodity and security values.

We have come together tonight to exchange ideas. If we meet and exchange dollars, our position has not been altered, but when we meet and exchange ideas we have been enriched in proportion to the ideas advanced. Our position is one of salesmanship, in which we attempt to sell your Government to its people by having vision, by supplying imagination and leadership. In order to do this we must make our fellow man like us. If he is to like us, we must first like him. We must smile, listen, praise, remember names and render service.

#### PROFESSIONAL SERVICE

May I also remind you that your opportunity for service is as great or greater than that of any vocation in the state? Your first duty, I would say, is that of a citizen. It even comes before your duty in your chosen profession. Don't be critical of your fellow man or of your Government, be it national, state, or community. Day after day I sit at my desk and hear the hundreds criticize, but not one in a thousand, yea, not one in ten thousand, is prepared to offer a better solution or a more constructive idea. Remember always that progress means change, and when something new comes, simply because it differs from what you have been accustomed to, don't be narrow or little enough to condemn it as wrong. The nonconstructive critic is worse than the quack who ridicules the science of medicine or the skill of the schooled practitioner. If you are to be remembered and to make your life worthwhile, create something that is lasting. St. Paul's Cathedral in London is one of the noblest of all the works of the brain and the hand of man. In the crypt of that wonderful pile of masonry is the tomb of the man who dreamed it and built it—Sir Christopher Wren. An inscription over the tomb says, "If you seek his monument, look about you." A wonderful memorial to a wonderful man. And, so, I think, standing here tonight, we may well say of the public accountants of South Carolina—if you want to leave something that is worthwhile and if you want to contribute to the upbuilding and growth of this great commonwealth, leave a heritage and a record that posterity may be able to say: "If you seek the monument of the accountants of South Carolina, look about you."

# American Institute of Accountants

## Meeting of Council

The regular spring meeting of the council of the Institute was held on April 11th and 12th at the Waldorf-Astoria hotel, New York, with 33 members attending from 21 states. Clem W. Collins, of Denver, president of the Institute, presided. The chairmen of committees were present to lead discussion of matters treated in their reports.

Shortness of time prohibits publication in this issue of more than a summary of the matters which were presented to the council members, but a report of the discussion which took place will appear in a subsequent issue.

### CONDITION OF INSTITUTE

The secretary reported that the total membership of the Institute at April 1, 1938, was 4,968 as compared with 4,890 at the beginning of the fiscal year, and 4,675 at April 1, 1937.

The finances of the Institute and its affiliated organizations were in good condition, according to the report of Arthur W. Teele, treasurer, although the market price of securities in the trust funds had dropped sharply. The dues of only a negligible number of members and associates remained unpaid at the expiration of the time limit, January 31st.

### INSTITUTE QUARTERS

The executive committee reported that it had given a great deal of consideration to the question of new quar-

ters for the Institute. Analysis of the location of the offices of Institute members in New York showed that 42% were in the middle part of the city, where the railroad terminals also are situated. A subcommittee of the executive committee had investigated every building in that section which might be suitable for the Institute's purposes.

### PUBLICATIONS

The committee on publication reported that *The Journal of Accountancy* had expanded its scope during the first half of the fiscal year, finding it necessary to publish 128 additional pages in order to print as much as possible of the excellent material available. Circulation of *The Journal* and revenue from advertising had both increased sharply. Revenue from the sales of books had increased appreciably over the corresponding period of the preceding year.

Book sales, quickened by publication of five books in a special edition, had increased appreciably.

The Institute had published during the period the booklet, *A Statement of Accounting Principles*, the proceedings of the fiftieth anniversary celebration, and the customary yearbook. Distribution of *A Statement of Accounting Principles* was almost 15,000 copies. More than 800 copies of the fiftieth anniversary celebration proceedings were distributed to persons who had

registered at the meeting and a number of other copies had been sold.

### TAXATION

The committee on Federal taxation reported upon its testimony at Congressional hearings in September, 1937, and March, 1938, with particular reference to the brief which it presented to the Senate finance committee during consideration of the bill now pending in Congress.

### RELATIONS WITH STATE SOCIETIES

Reports of committees and of the secretary reflected a high degree of co-operation between the Institute and the various state accounting societies. Since October the president, vice-presidents, chairman of the board of examiners, and secretary had attended meetings of state society groups in 20 cities and visits to 24 cities in the spring had been planned. The staff of the Institute had collaborated with state societies in a number of ways, among them the following: Work trips by staff members, a tentative program of state society activities, a plan book for public relations committees, clearing house information service, local organization of natural business year campaign, special communications, speakers' bureau.

The conference in Chicago on March 28th and 29th, sponsored by the Institute in coöperation with the Illinois Society of Certified Public Accountants and other organizations for consideration of matters related to municipal accounting, was described. A full report of this meeting will be found on page 2.

The following members of council were present:

Clem W. Collins, president  
William C. Heaton, vice-president  
Harold B. Hart, acting treasurer

Lewis Ashman  
M. H. Barnes  
Arthur H. Carter  
Marvin O. Carter  
Will-A. Clader  
Charles F. Coates  
George Cochrane  
Charles B. Couchman  
J. Chester Crandell  
Charles C. Croggon  
W. Sanders Davies  
George P. Ellis  
Thomas H. Evans  
John F. Forbes  
P. W. R. Glover  
Frederick H. Hurdman  
J. E. Hutchinson, Jr.  
Lincoln G. Kelly  
Wayne Kendrick  
Eustace LeMaster  
Robert H. Montgomery  
John B. Niven  
George S. Olive  
I. Graham Pattinson  
T. Edward Ross  
Adrian F. Sanderbeck  
William J. Taylor  
George M. Thompson  
William R. Tolleth  
Earl A. Waldo  
C. Oliver Wellington  
William H. West  
Dwight Williams

The following chairmen of committees, not members of council, attended:

T. Coleman Andrews (bankruptcy), Samuel J. Broad (technical information), Francis P. Byerly (coöperation with bar association), A. S. Fedde (coöperation with bankers), Henry B. Fernald (terminology), J. Pryse Goodwin (commercial arbitration), Henry A. Horne (public-utility accounting), Ralph S. Johns (natural business year), Roy B. Kester (education), J. Arthur Marvin (coöperation with trade associations), George O. May (accounting procedure), Paul W. Pinkerton (Federal legislation), Rodney F. Starkey (coöperation with S.E.C.), Victor H. Stempf (Federal taxation), Charles H. Towns (state legislation), Frederick W. Wulfling (stock-brokerage accounting).



### Examinations

The regular spring examinations of the American Institute of Accountants will be held on May 12th and 13th, and coöperating state accountancy boards will hold simultaneous sessions. Following is the schedule of examinations:

#### THURSDAY, MAY 12, 1938

9:00 A.M. to 12:30 P.M. Auditing.  
1:30 P.M. to 6:30 P.M. Accounting theory and practice. Part I.

#### FRIDAY, MAY 13, 1938

9:00 A.M. to 12:30 P.M. Commercial law.  
1:30 P.M. to 6:30 P.M. Accounting theory and practice. Part II.

### State Legislation

House Bill 178, which would have had the effect of repealing the existing Kentucky accountancy law and substituting for it an act of the two-class restrictive type, died in the House upon adjournment of the legislature, March 2nd.

### Lecture and Study Group

The fourth meeting of the New York lecture and study group of the Institute was held at The Town Hall Club, Tuesday, March 29th. Forty-one were present at dinner and about 30 additional members joined the group for discussion based on the Institute's recent publication, *A Statement of Accounting Principles*. Harold R. Calfyn, a member of the informal committee on lecture and study group, introduced Samuel J. Broad and Professor Roy B. Kester, who jointly led the discussion.

The subject of "Accounting office practice" will be discussed at the next meeting of the group, to be held Monday, May 2nd.

### Natural Business Year Studies

Publication of a new series of natural business year information bulletins has been initiated by the research and statistical division of Dun & Bradstreet, Inc., as part of its plan of coöperation with the Natural Business Year Council.

The first of the new bulletins, devoted to fur-coat manufacturing, has just been issued and is being mailed by the American Institute of Accountants to its full membership. This bulletin, sent as a sample of those to follow at intervals of about one month, shows the seasonal variation in sales, inventories, receivables, and liabilities. January 31st is suggested as the closing date for the fur-coat manufacturers, with February 28th as an alternate date.

The announcement of the initiation of the series B bulletins states that Dun & Bradstreet have undertaken the studies "in the belief that a wider knowledge of the seasonal patterns of production, sales, inventories, receivables and liabilities will be helpful to management in various ways," in addition to their specific bearing on the natural-business-year problem.

With relation to the effect of the natural fiscal closing date as a basis of accounting on preparation and filing of tax returns, Dun & Bradstreet state:

"Authorities agree that no significant tax problem is involved. Under present Federal income-tax laws, the taxable income of any concern is governed by the revenue act effective at the time its fiscal year begins. Thus, a noncalendar fiscal year delays slightly the incidence of tax increases and the relief of tax decreases."

Data on seasonal trends which will be utilized in the Dun & Bradstreet bulletins will be obtained from authori-

tative sources, these including the Federal Reserve Board, Bureau of the Census, J. Parker Bursk, Simon Kuznets' *Seasonal Variations in Industry and Trade* (National Bureau of Economic Research), and from trade journals and trade association publications. All statements and seasonal data in the bulletins will be checked in detail with members of the respective industries by Dun & Bradstreet field reporters.

In transmitting the first of the natural business year information bulletins to its members, the American Institute of Accountants offers every member an opportunity to receive the bulletins as they are issued. In a questionnaire accompanying the first bulletin, members of the Institute are asked to report those industries in whose closing dates they are particularly interested. Dun & Bradstreet will attempt to make early bulletins cover industries and lines of business in which certified public accountants show the greatest interest as reported by the Institute.

The following memorandum, addressed to accountants, has been sent out by the committee on natural business year of the Virginia Society of Public Accountants:

"Much interest has been aroused in the natural business year by the activities of the Natural Business Year Council, which has advised that over 300 requests have been received recently from businesses in all sections of the country, including Virginia, for information about the natural business year.

"How to capitalize on this splendid educational work of the council should be of major interest to every accountant, as a wider adoption of the natural business year will considerably reduce the seasonal rush he experiences in the first few months of the year.

"This committee believes that the most effective method of coöperation between the council and the accountant is by conference between the accountant and his client after the client has been informed on the subject. A suggested procedure is as follows:

- "1. Go over list of commercial clients that have a calendar year closing, select those that could best use a fiscal year, and determine a suitable fiscal year.
- "2. Send to these clients or have the council send them the following pamphlets, *A Means to Efficiency, Advantages to Business Management, Suggested Natural Fiscal Closing Dates.*
- "3. Discuss the matter with the client's banker and endeavor to get his assistance.
- "4. When the client has had an opportunity to be informed, the accountant should then discuss the matter with him.
- "5. Accountants consulted on the formation of a new company should consider whether a fiscal year would be preferable to a calendar year.

"Self-interest should induce prompt action in starting a campaign to secure a wider adoption of the natural business year. You can be assured of the coöperation of this committee and of the Natural Business Year Council, which will gladly furnish literature without cost by addressing them at 135 Cedar street, New York, N. Y."

### Visitors at Institute Offices

The following visitors from out of town called at the offices of the Institute at 135 Cedar street, New York, during recent weeks:

Walter A. Edwards, Jr., Chicago, Ill.  
 Charles H. Langer, Chicago, Ill.  
 Chandler H. Lapsley, Washington, D. C.  
 Carl L. Merkel, Cleveland, Ohio.

## **New Editions of Institute Publications**

In order to encourage the purchase of certain books of particular interest and value to students, the American Institute Publishing Company has issued a special edition of five of its books, at a considerable reduction in price. The original editions of these books having been exhausted, the unbound sheets remaining in stock were bound in less expensive cloth, making the reduced prices possible. Following are the books included in the new series:

### *Accounting Evolution*

By A. C. Littleton

A history of the evolution of book-keeping into accounting. Ten chapters are devoted to the evolution of double-entry bookkeeping and twelve to the expansion of bookkeeping into accountancy.

### *Fraud: Its Control Through Accounts*

By George E. Bennett

Shows the legal aspects of fraud in accounts, points out the possibilities for the practice of fraud in accounts, and suggests general methods to prevent fraud, with particular reference to the utilization of the principles of internal check. It presents information of great value to those whose duty it is to audit accounts, to install and revamp accounting systems, or to supervise the operation of an accounting system.

### *Law for Laymen*

By Harold Dudley Greeley

A practical handbook on commercial law, written expressly for the purpose of aiding those who are preparing for the certified public accountant examinations in law. Invaluable to every one

not engaged in the practice of law, as a review of the whole field of commercial law.

### *Legal Responsibilities and Rights of Public Accountants*

By Wiley Daniel Rich

A thorough, comprehensive treatment of case and statutory law applicable particularly to public accountants. It has chapters dealing with the public accountant's liability, negligence, libel, and fraud; law relative to the public accountant's certificate; the accountant as an expert witness; and some special rights of public accountants.

### *The Ethics of a Profession*

By A. P. Richardson

Describes the code of ethics of the profession, discusses the opinions of accountants as to what constitutes ethical practice in their profession, reviews the temptations which are met by accountants, and presents the reasons why these temptations should be resisted.

## **Board of Tax Appeals Reports**

The Institute has recently received an announcement from the Superintendent of Documents at Washington that the United States Government Printing Office will reproduce Volume 2 of the Board of Tax Appeals Reports, covering the period June 1, 1925, to November 11, 1925, which had lately gone out of print. This action followed closely after a petition from the Institute that all volumes of the Board of Tax Appeals reports be kept available. Copies of Volume 2 may be obtained for \$6 each. Orders should be addressed to the procurement section of the United States Government Printing Office.

### **George H. Cheyne**

George H. Cheyne, of Milwaukee, Wis., died March 7th, at the age of 49. Mr. Cheyne was born and educated in Canada, but in his youth moved to Milwaukee where he lived for 30 years. He had been engaged in the public practice of accounting since 1915, and at the time of his death was manager of the Milwaukee office of Haskins & Sells. Mr. Cheyne held C.P.A. certificates in the states of Wisconsin and Arizona, and had been a member of the American Institute of Accountants since 1923.

He was also a member of the Wisconsin Society of Certified Public Accountants and of the National Association of Cost Accountants.

### **Henry S. De Vault**

Henry S. De Vault, a member of the Institute since 1925, died November 29th at Shanghai, China. He was born at Bristol, Va., in 1882, and received his early education at Bristol and at Deichmann's preparatory school, Baltimore. He was a certified public accountant of Indiana. Mr. De Vault was auditor for the Tennessee Railway Company from 1905 to 1910. In 1910 he joined the staff of Haskins & Sells, an association which lasted for 19 years. From 1919 to 1924 he was manager of their Shanghai office. In 1935 he returned to Shanghai and opened his own office to practise accountancy. During that year he was appointed auditor in connection with the liquidation of the American Oriental Banking Corporation and its affiliates.

Mr. De Vault was a member of the Shanghai Club, American Club, Cercle Sportif Français and Rotary Club of Shanghai.

### **Gardner W. Kimball**

Gardner W. Kimball, of Philadelphia, died March 12th. He was born in Plainfield, N. J., in 1873, and received his early education there. In 1905 Mr. Kimball became associated with the accounting firm of Edward P. Moxey & Co., and since 1911 had been a partner in the firm. He had been a member of the American Institute of Accountants since 1913 and was a certified public accountant of Pennsylvania. During the year 1927-1928 Mr. Kimball was president of the Pennsylvania Institute of Certified Public Accountants and served two terms as its vice-president. Among his other activities, Mr. Kimball was a member of the national board of arbitration of the American Arbitration Association, a member of the National Association of Cost Accountants, and a former treasurer of the American Society of Certified Public Accountants.

### **George F. McCarthy**

George F. McCarthy, of New York, died March 22nd at the age of 55. He was born in Brooklyn, N. Y., and was educated in the public schools there and at Pace Institute. After a brief experience in commercial activities, Mr. McCarthy was for two years with the accounting firm of Fedde & Pasley and for a year with McArdle, Djourup & McArdle, accountants. Since 1921 he had been practising on his own account. Mr. McCarthy was a certified public accountant of Connecticut and New York, and was a member of the Connecticut Society of Certified Public Accountants and of the New York State Society of Certified Public Accountants. He was a member of the American Institute of Accountants.

### **William F. Morrison**

William F. Morrison, of Seattle, Wash., died suddenly on January 25th. He was born at Dana, Ind., in 1884, and was educated in the public schools of Indiana. He was graduated from business college there.

In 1904 Mr. Morrison moved to Seattle, where he became interested in accounting. In 1920 he obtained his license to practise as a certified public accountant in the state of Washington. For 18 years prior to his death, Mr. Morrison had maintained a practice under his own name. He was a member of the Washington Society of Certified Public Accountants and of the American Institute of Accountants.

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### **International Congress**

Two members of the Institute's delegation to the Fifth International Congress on Accounting at Berlin, September 19-24, 1938, have been requested to prepare papers for the Congress. John F. Forbes, of San Francisco, chairman of the delegation, will contribute a "national paper" on "Methods of computing cost and control of prices by public authorities" in the United States, and also will submit a "general paper" on the same subject, compiled from a review of other "national papers." Edward A. Kracke, of New York, will submit a paper on "Consolidated accounts."

Subjects to be covered during the Congress are: Matters affecting the profession, business planning, audit of annual accounts, company law, consolidated accounts, auditing by and for tax authorities, other auditing and advisory work, methods of computing cost and control of prices by public authorities.

Other members appointed to represent the American Institute of Accountants at the Congress are Arthur H. Carter, of New York, and William H. Ball, of Detroit.

### **Joint Meeting in Ohio**

The Ohio Society of Certified Public Accountants and the College of Commerce of Ohio State University will hold a joint meeting on May 20th and 21st, at Columbus. Jacob B. Taylor, chairman of the accounting department at Ohio State University and a director of the Ohio Society, is preparing the program. The president of the American Institute of Accountants has accepted an invitation to be present.

A number of current accounting and tax problems are included on the agenda for discussion, and some prominent businessmen and representatives of government, in addition to certified public accountants, are expected to participate in the discussions. Further details will be published in a subsequent issue.

### **Library of Accountancy**

A complete catalog of the Herwood Library of Accountancy has just been published by Herwood & Herwood, of New York. This library contains a representative collection of accounting literature printed between 1494 and 1900, beginning with Lucca Paccioli's treatise published in 1494. Among the 1,300 titles in the list are books from all parts of the world. The foreign collection is limited to books published prior to 1850 and the American to 1900. This compilation is a revision of "The third American check list of early bookkeeping texts," by Dr. Joseph C. Myer and Herman Herwood, which originally appeared in the April, 1933, issue of *THE CERTIFIED PUBLIC ACCOUNTANT*.

## Round-Table Discussions

A series of eight technical round-table discussions has been planned by the New York State Society of Certified Public Accountants. These meetings, open to members of the society only, are planned to meet a long-felt need for discussions of technical subjects which, although important to the profession in general, are of particular interest to only a minority of members, and therefore not suitable for inclusion in the programs of the regular monthly meetings of the society. Each meeting will be preceded by a dinner at the Town Hall Club, and the discussion will be opened with the presentation of a paper prepared by a member of the committee sponsoring the meeting.

The first of these meetings was held April 6th at The Town Hall Club, 123 West 43rd street, New York, with George Rea as chairman. The meeting was devoted to discussion of "Contractors' accounting."

Other subjects included in the program, together with the chairmen of the sponsoring committees, are as follows:

April 13th—Textile accounting—Louis Siegel, chairman.

April 20th—Public-utilities accounting—George S. Cremer, chairman.

April 27th—Inventory methods—Maurice E. Peloubet, chairman.

May 4th—Retail accounting—Walter A. Lese, chairman.

May 11th—Stock-brokerage accounting—Frederick S. Todman, chairman.

May 18th—Fiduciary accounting—Henry Brach, chairman.

May 25th—Municipal accounting—William R. Donaldson, chairman.

These meetings will not take the place of the regular society meetings of April and May, but are an additional activity of the society.

## Legal Institute on Income Taxation

Two members of the American Institute of Accountants participated in an eight-day legal institute on income taxation, held March 7-10 and March 14-17, 1938, under the sponsorship of the College of Law of the Tulane University of Louisiana, at New Orleans. The institute, designed to cover the fundamentals of the more important phases of income-tax work, was directed by Dr. Robert J. Farley, professor of law at Tulane.

Dr. Paul Brosman, dean of the college, described the institute as a public-service venture, stating that it marked the first attempt to bring to New Orleans the benefits of the new post-admission legal education movement approved and sponsored last year by the American Bar Association.

Among the speakers were two accountants—Leslie J. Buchan, professor of accounting at Tulane University, and René J. LeGardeur, of New Orleans—both members of the American Institute. Professor Buchan spoke on the subject, "When is income realized?—methods of accounting for net income"; the subject of Mr. LeGardeur's talk was "Deductions—accounting methods."

The other speakers were law teachers and attorneys. Topics covered during the eight-day period were: constitutional aspects; jurisdictional aspects; when is income realized?—corporate distributions; when is income realized?—corporate reorganizations; when is income realized?—methods of accounting for net income; benefits, control, gifts; legal deductions; deductions—accounting methods.

The institute has been called an instance of effective coöperation between accountants and attorneys.

## Telephone Listings

State societies have frequently experienced difficulty in persuading the publishers of classified telephone directories that a separate classification of "Certified Public Accountants" is desirable to distinguish those so qualified from others who may be listed as "Accountants" or "Public Accountants."

The problem, simply stated, is this: It is the practice of the various companies in the Bell System to allow one free listing in the classified directory to each subscriber, and in addition to allow one or more other special listings upon payment of a fee. In some communities the only free listing, as determined by the telephone companies, is under a broad classification, such as "Accountants" or "Public Accountants." Confusion arises when some, but not all, certified public accountants purchase an additional listing which enables them to be distinguished from those listed under the free classification.

The state societies or chapters have approached the problem in different ways and with varying degrees of success. In California, for example, until recently at least one chapter assumed responsibility for obtaining the listings under the title "Certified Public Accountants" and at the same time collected the fees for the telephone company. Recently it was announced that all California certified public accountants automatically would be listed together under an appropriate heading without the payment of an additional fee. The New York State Society of Certified Public Accountants obtained a separate free listing for certified public accountants by presenting evidence that the public and business men in its community in general think of certified public ac-

countants as a distinct vocational group.

State societies have from time to time sought the assistance of the Institute in making the desired arrangements with local telephone companies, with the thought that an appeal to the American Telephone & Telegraph Company might be effective. The secretary of the Institute has conferred with the chief directory engineer of this company on several occasions, but was told that each individual Bell System company has complete jurisdiction over the problem of vocational headings in classified directories. It is said to be the desire of each company, in adopting classifications in directories, to serve subscribers, and anything in the interest of their convenience is regarded with favor. The companies, however, according to this official, do not feel that they can take the lead in educating the public to distinguish between certified public accountants and other accountants, and must follow public opinion rather than guide it.

If the officers of any Bell System company feel that the average subscriber desiring the services of a professional accountant would be apt to look under the caption "Accountant," they consider themselves obliged to list all public accountants under that heading, but at the same time they provide that any certified public accountant who desires so to identify himself may obtain the additional listing for a nominal fee.

The secretary has been informed on several occasions that, while the American Telephone & Telegraph Company would hesitate to make a recommendation on this matter to all of its associated companies, it would not oppose any local company which was convinced that the thinking of the community warranted its listing certified

public accountants as such, without charge.

It has been suggested that questionnaires circulated among a cross-section of the community might be a means of finding evidence of the community attitude toward the designations "Accountant," "Public Accountant," and "Certified Public Accountant," which would doubtless convince telephone-company officials of the need for separate listings.

It would be helpful to the Institute and to the officers of state societies, in presenting arguments to company officers, to be fully informed as to the existing arrangements in the various states.

A note in the February issue of *The Texas Accountant* states that the Southwest Bell Telephone Company has proposed that the classification of "certified public accountants" in its directory be eliminated and the following headings only be used:

#### ACCOUNTANTS

- Auditors
- Income tax accountants
- Public accountants
- Tax accountants

The reason for this proposal, a representative of the telephone company explained, is that the designation "certified public accountants" is considered to be purely informational as to the qualification of accountants and not a distinct class of accountants.

T. W. Mohle, president of the Texas Society of Certified Public Accountants, has written the telephone company requesting that, in the event such a change is considered, the Texas Society be given an opportunity to express its views in the matter before a definite decision is made.

### Special Committee on Bankruptcy

T. Coleman Andrews of Richmond, Va., has been appointed chairman of the special committee on bankruptcy, to fill the vacancy caused by the sudden death of Theophilus Schuyler.

### Competitive Bidding for Municipal Audits

A questionnaire mailed by Nolan C. Phillips, a member of the Texas Society of Certified Public Accountants, to 60 officials of representative municipalities throughout the state of Texas elicited, among other things, the following information:

**QUESTION:** Do you require accountants to bid on city audits?

**ANSWER:** To this question 24 officials answered in the affirmative, eight replied that they selected their accountants without asking for bids. Of this number one city changed its method during the current year. Two cities use local men and will not consider any one living outside their own city.

**QUESTION:** How are bids obtained?

**ANSWER:** To this question 24 replies were given: 21 invited accountants to submit bids for the work and three published notices in newspapers. A large majority of those invited to bid on work are taken from letters of the accountants who have made inquiry or asked permission to bid.

**QUESTION:** What basis of compensation do you consider preferable; flat sum, per diem with a maximum or per diem without a maximum?

**ANSWER:** Twenty-two officials preferred compensating their accountants on a flat-sum basis while five gave as their preference a per diem with a maximum. None preferred a per diem with no maximum stated.

The results of the questionnaire were set forth by Mr. Phillips in an article



published in the March issue of *The Texas Accountant*.

#### EDITORIAL COMMENT

The *Kansas Government Journal*, in its issue for February, 1938, published the following article on competitive bidding for audits of Kansas municipalities:

#### *Minimum Audits by Bargain Rate Professionals*

"Comes now the bargain rate professional auditor offering the governing bodies of the cities, counties, and schools of Kansas, the minimum audit. Certainly no responsible public officer wants to pay a premium for an audit service in excess of what may reasonably be needed. On the other hand, what conscientious public officer wants to authorize a contract for a minimum audit where it appears that the accountant is stressing minimum audit at a bargain rate rather than professional service for the protection of the public and the public officer?"

"From a competitive standpoint, what may one expect of a minimum audit? Are we not here approaching what we used to have in Kansas when public officials were encouraged not to have an audit at all, or to employ some clerk or accountant from a private commercial firm to come down to the public office and sign his endorsement to some accounting statistical papers?"

"Minimum audits then, and we take it minimum audits today, mean the minimum auditing service which will get by the law and the regulations. A licensed municipal accountant will probably be on the job a few hours at the beginning and maybe a few hours at the end of the job, with the work being done by an experienced 'machine operator,' whose professional rating is about on a par with a clerk in the office being audited, i.e., \$75 or \$100 a month, with some pay for his long hours of overtime, provided the com-

pany makes any profit during the year of his employment.

"Members of the governing body who desire to spend their public money wisely for public audits of clerks, treasurers, and other finance accounting officers of political subdivisions of Kansas, want real constructive audits, not minimum audits. The quality of a public audit can be no better than the qualification of the individual who actually performs the work. Regardless of the style name of the firm with which the municipality contracts, or the professional titles after the name of the individual who signs the certificate of audit, the quality of the audit can be no better than may reasonably be expected from the individual who actually performs the service. In this reasoning, it is granted that good supervision improves the quality of a workman in the same manner as other types of education improve one's qualities.

"It should also be noted that there is nothing much more desired by a defense attorney in a case involving the misuse of public funds than to discover that the individual who signed the certification to the public audit, alleging the misuse of public funds, signed such statement because it was the 'usual practice' of his firm, not because he actually performed the services and was thereby armed with personal knowledge of the figures, facts, and statements certified to.

"Public officials have long since learned what they may reasonably expect from minimum engineering services. We all know what we would expect if we employed a doctor for minimum medical services or for a minimum surgical service. Well, possibly we don't know what to expect for a minimum medical or a minimum surgical service, because such services are very rarely offered. It is our hope that minimum auditing services by bargain rate professional accountants will also soon be a rare article in the public accounting field."

## Coöperation with Bankers

The District of Columbia Bankers Association and the District of Columbia Institute of Certified Public Accountants, at meetings held recently, adopted complementary resolutions stating the basis of coöperation between members of the two organizations. Following is the text of the resolutions:

### BANKERS' RESOLUTION

WHEREAS, This Association recognizes the importance of obtaining adequate and complete financial information in connection with applications for credit, and

WHEREAS, The confidence created by the knowledge furnished by a thorough and complete audited report of the financial condition of the applicant immeasurably strengthens the relationship of the bank to its customer, and

WHEREAS, It is the firm conviction of this Association that the coöperation of the banks of Washington by the adoption of a uniform practice will produce materially increased success to their efforts to obtain audited statements,

THEREFORE, BE IT RESOLVED, That this Association recommends to its members the adoption of the policy of requiring financial statements, prepared by a certified public accountant, on each commercial loan or line of credit of \$5,000 and over.

BE IT FURTHER RESOLVED, That this Association coöperate with the District of Columbia Institute of Certified Public Accountants in its efforts to bring about an increased understanding of the relationship of the banker, the accountant and their mutual customer.

### ACCOUNTANTS' RESOLUTION

WHEREAS, The District of Columbia Bankers Association at a special meeting held on November 4, 1937, passed a resolution recommending to its members the adoption of the policy of

requiring financial statements prepared by a C.P.A., on each commercial loan or line of credit of \$5,000 and over, and

WHEREAS, The District of Columbia Institute of Certified Public Accountants recognizes the responsibility thus imposed upon Certified Public Accountants.

THEREFORE, BE IT RESOLVED, That members of this Institute should, when making examinations of financial statements to be used for bank credit purposes, follow the procedures outlined in the bulletin published by the American Institute of Accountants entitled "Examination of Financial Statements by Independent Public Accountants."

BE IT FURTHER RESOLVED, That the District of Columbia Institute of Certified Public Accountants continue to coöperate with the District of Columbia Bankers Association in the improvement of credit information for the better protection of the banker, the client and the public.

## Audits of Educational Institutions

The Financial Advisory Service of the American Council on Education has published, in March of this year, a bulletin entitled *Independent Audits of Colleges and Universities*, addressed particularly to the boards of control, presidents, and business officers connected with colleges and universities. Lloyd Morey, chief consultant to the Financial Advisory Service and a member of the Institute, contributed a foreword to the bulletin explaining that its purpose is to set forth the benefits to educational institutions of outside audits, and the conditions under which they should be provided for and carried out. A. Robert Seass, author of the bulletin, expresses the hope that a future publication will be prepared outlining the detailed audit procedure to be followed by practising independent public accountants in the audits of institutions of higher education.

## Accountants' Views on Governmental Reorganization Considered in Congress

ON THE floor of the United States Senate on March 4th, in debate on the bill to reorganize the executive branch of the Federal Government, Senator Arthur H. Vandenberg quoted at length from the March issue of *The Journal of Accountancy* and read from letters received from members of the American Institute of Accountants as a result of a letter which he had dispatched to accountants asking for their views on the proposed legislation. Portions of his remarks, together with comments of other members of the Senate, are here reprinted from the *Congressional Record*:

MR. VANDENBERG. I do not pretend to have any expert knowledge whatsoever regarding accounting. All I can do is to rely upon those in whom I believe. Those persons include the Senator from Washington [Mr. Schwollenbach]; so I shall probably find myself with conflicting reliances. However, I ask him to listen.

Here is the March, 1938, issue, just from the press, of *The Journal of Accountancy*, which is the official organ of the American Institute of Accountants. The first thing to which I desire to call attention is that *The Journal of Accountancy*, speaking for the American Institute of Accountants—which certainly is an authoritative and expert reliance—this journal, which originally endorsed the pending proposal to do away with the comptroller general, has now reached the point where it at least says the following editorially:

“Just a year ago we expressed the view editorially that the proposed reorganization of the accounting and auditing procedure of the Federal Government, as outlined in the Brownlow committee report, seemed in harmony with businesslike practices.”

That is the contention of my able friend from Washington [Mr. Schwollenbach]. A year ago it seemed that the Senator from Washington was right. Continuing the quotation:

“Now that legislation has been proposed, however, and the controversy rages, we find aspects of the problem which were not evident before. The whole question is an extremely complicated one, and no opinion is worth much unless it is supported by some familiarity with Federal Government accounting procedure and by a careful study of the pending legislation.”

So at least we have this official spokesman for the American Institute of Accountants in the attitude of the agnostic. This journal at least now says that it does not know. But in the same issue, the March issue of *The Journal of Accountancy*, is a tremendously illuminating article. It is fairly short, and I propose to read it.

[Mr. Vandenberg at this point read the article by M. L. Seidman, of New York, entitled “Government reorganization and the independent audit.” At one point he paused in his reading to respond to a question by Mr. Schwollenbach.]

MR. SCHWELLENBACH. Will not the Senator read the second before the last sentence?

MR. VANDENBERG. I read:

“By the establishment of a system of preaudit, he was enabled to satisfy himself as to the legality of current expenditures.”

MR. SCHWELLENBACH. When he says that there is no similar situation existing in private business, he means that no private business in the world ever set up a system of preaudit. That is the net result of that statement.

MR. VANDENBERG. Yes; and the net result also is—and I will read it again.

"It serves no useful purpose, therefore, to urge that what is good enough practice for business should be good enough practice for the Government."

That follows as day follows night.

MR. SCHWELLENBACH. Mr. President, will the Senator yield further?

MR. VANDENBERG. I yield.

MR. SCHWELLENBACH. I think clearly the statement that we should not attempt to use private business as an analogy for the Federal Government is certainly not borne out by that particular argument. He is absolutely illogical in that statement. When he says that private business never had a preaudit, and that therefore there is no analogy between the two, the net result is that the Federal Government in 1921 did something which private business had never attempted to do, and the conclusion which he draws is not based upon any premise at all. It is just a conclusion without a premise.

MR. VANDENBERG. The Senator is the attorney for the defense, and he can make such use of his syllogism as he sees fit to make when it is his turn to address the jury.

MR. AUSTIN. Mr. President, will the Senator from Michigan yield?

MR. VANDENBERG. I yield.

MR. AUSTIN. I ask the Senator from Michigan if he is not aware that private enterprise today obtains a preaudit in nearly every case where expenditures of any substantial amount are to occur, through the advice of legal counsel, who scrutinize the contract in order to see that the expenditures are made according to the agreement for making them. In other words, it is a quibble on the form rather than on the substance of the thing, is it not?

MR. VANDENBERG. I thank the Senator for his observation, which appears to be pertinent, as coming from the attorney for the plaintiff. . . . Mr. President, I have many more authorities, but I do not intend indefinitely to burden the Senate with them, but I

wish to tell the Senate a story in connection with them.

Last January I endeavored to poll the certified public accountants of the United States on the fundamental questions which are involved in the problem I am discussing.

MR. SCHWELLENBACH. Mr. President, at this point would the Senator have any objection to having the letter he used printed in the *Record*?

MR. VANDENBERG. Will not the Senator permit me to conclude my statement? Then I will be very happy to yield to him.

MR. SCHWELLENBACH. Very well.

MR. VANDENBERG. Upon subsequent reflection I discovered to my disappointment and somewhat to my embarrassment that the questions which I had asked in the questionnaire which I circulated were undoubtedly prejudicially presented and were not a fair presentation of the question upon which I was seeking the opinion of these accountants. In an effort to be scrupulously fair about this whole thing, I am not only making this statement, but I am withholding any reference to the poll, and I am not presenting the result of the referendum. I trust that that is a satisfactory statement, as a matter of sportsmanship as well as fair play, to the able Senator from Washington.

MR. SCHWELLENBACH. I may say to the Senator from Michigan that it was only the sort of a statement that I think the Senator from Michigan would make. He is always fair and he is always sportsmanlike.

MR. VANDENBERG. I thank the Senator very much.

In connection with this poll, and as a natural result of it, I found myself in correspondence with a great many certified public accountants, and, not based upon the original poll but in connection with this correspondence, I wish to read just a few typical quotations from certified public accountants residing in various sections of America. We legalize certified public account-

ants. We require them to have a certain qualification before they are permitted to set themselves up as certified public accountants. They bear a legal hallmark upon their credentials so that what they say upon an accounting problem has far greater weight and force and effect than anything that I or any other layman might say.

Let us see what a few of them, scattered around the country, say. First, I quote from a letter from Mr. Parry Barnes, who is president of the Missouri Society of Certified Public Accountants, and whose office is in Kansas City, Mo. I am very glad to call this quotation to the attention of my two good friends from Missouri who do me the honor to listen:

"While there have been many times when the activities of the general accounting office have been extremely annoying to my firm and to our clients, we believe the present type of organization is preferable to any of the suggested changes."

He adds—

"I believe that almost every member of the accounting profession will concur in the views herein expressed."

I quote from a letter from Mr. Ben Greenberg, certified public accountant, 80 Broad street, New York:

"The best answer that I can make to your letter of January 21 is to enclose a clipping of a cartoon which appeared in the *New York Times* of January 30. This cartoon depicts the United States public being dissatisfied with its Congress. However, after looking at the Soviet Government, at the Japanese militarists, at the Fascists and the Nazis, the United States public embraces the Congress and concludes that the Congress isn't so bad after all. My conclusion is that the present law relating to the functions and responsibility of the comptroller general isn't so bad after all.

"The only argument that can be advanced against a preaudit of

Government expenditures is delay. This argument applies, however, to the entire system of democratic government. Many times delay by reason of caution proves to be the soundest procedure. A little more delay on the part of dictatorial governments throughout the world would unquestionably react to the benefit of their people. Steps should be taken to speed up the auditing procedure of the comptroller general's office. In many instances the delay has been unreasonable and has undoubtedly affected the operating efficiency of governmental agencies."

Let us now hear a voice from Texas. George C. Beaury, certified public accountant at San Antonio, Texas, writes:

"Frankly, I believe the question is not nearly as much a matter of accounting as one of plain, hard, common sense and ordinary business prudence. I also feel that the question practically answers itself when stated about as follows: 'If one is part owner of a business, should he prefer to have a trusted employee, answerable only to the owners (or their appointed representatives, the directors), examine proposed expenditures before they are made or place this employee under the control of the general manager (who signs the checks) and then have this employee, answerable of course only to the general manager, audit the expenditures after they have been made?'"

"Please understand, Senator, that this is no attempt on my part to be facetious. The question is entirely too serious and fundamental. I merely am trying to make my views more clear by drawing a parallel picture.

"Precontrol is what accountants ordinarily term 'internal check,' and they favor this method strongly, since the possibility of unwise use of funds decreases apace with any increase in precontrol.

"Furthermore, while public accountants generally are 'post auditors,' their work must be performed with independence of action in order that it may not prove valueless. Therefore, it appears evident that a comptroller should be invested with independence of action, answerable only to the owners of funds or their appointed representatives, and not under the control of the one who disburses the funds."

Mr. President, let us journey to the State of Maine, which, along with Vermont, is still in the Union.

MR. AUSTIN. Thank you.

MR. VANDENBERG. I quote from Mr. Homer A. Sargent, certified public accountant at Woodland, Maine:

"It has often been a criticism of American corporate policy that the outside auditor is in fact chosen by the board of directors and makes his report to the same body. This is in contrast to the custom in England where the auditor is answerable to the stockholders directly. The point would seem to be even more cogent here where it would be difficult for a politically appointed comptroller to be personally independent in his work of the politician who appointed him.

"The substitution of a post-audit in place of a precontrol of the accounts seems even a less desirable change in connection with governmental accounting. The usual audit takes place after—sometimes a considerable period after—the books are closed and, in consequence, the historical records are corrected for only the more substantial errors. The time interval in the audit of the Government accounts is likely to be more extended, as witness the audit of the C.C.C. camps, and the probability of anything being done about the findings diminished. In this connection and apart from the question at hand, I believe that the present auditing facilities of the Government, particularly in respect

to tax returns, should be expanded to permit more prompt findings."

Let us now go out to the state of California. I quote from Mr. Montford L. Higgins, certified public accountant, Los Angeles, Calif.:

"It is a well established principle of municipal accounting that the comptroller of any government or subdivision thereof should be absolutely free and independent of any outside influence in deciding the legality of all governmental expenditures subject to his review. Any other procedure may easily result in abuses which would be both disappointing and disastrous.

"The comptroller of the state of California is elected by the people and is held responsible to them, subject, of course, to the laws and appropriation bills as passed by the legislature. We go still further in holding the comptroller personally liable for expenditures of state funds not in conformity to the requirements of the civil code or the specific appropriation bills. For that reason he is required to furnish heavy bonds as a guaranty of the faithful performance of his duties. Several times the comptroller has been placed under much pressure by certain state officials to obtain his approval of vouchers for expenditures which the comptroller considered were not in compliance with the law, and he was able to protect himself and the people of the state by submitting the legal aspects of the matter to a court of law for its decision. Had he been answerable to those particular officials, or any one of them, he could not have taken the independent action that he did."

Let us go down south to Mississippi. I am now quoting from a letter from Mr. Joseph F. Ellis, certified public accountant, Clarksdale, Miss., and I remind the Senate again that all these comments are voluntary.

"The only remaining safeguard that we have against even greater

unrestrained waste and expenditure of money is the comptroller general, vested with his present powers. With all of the thousands of purposes for which money is appropriated, there are many interpretations that can be placed on proposed expenditures, and when this decision rests with department heads, or even with the chief executive, it is natural that in many instances such interpretation will be placed on the authorizations as will be in conformity with opinion of the one making the expenditure so that without some restraining influence we would find at the end of each fiscal year that millions of dollars had been disbursed and gone into channels for which it was not intended."

I believe with all my heart that that is a sound statement and a justified challenge to the pending proposal. I continue reading from Mr. Ellis' letter:

"A post-audit is only history and there is little that can be done to remedy governmental mistakes of the past, and there is neither rhyme nor reason to any proposal to set aside the adequate system of pre-audit used for such a long time in the administration of governmental affairs."

I have so many letters before me from all over the country that it seems absurd to encumber the *Record* with a complete repetition of this story. The story is constant with one single exception. The very able firm of accountants known as Haskins & Sells wrote me a completely different verdict. That letter has already been placed in the *Record*, so I do not present it. With that single exception, every letter I received from certified public accountants discussing the merits of this measure has tended toward one verdict . . . that the comptroller general's existing authority and power should be maintained, not only for the sake of sound finance but equally for the sake of democracy.

MR. SCHWELLENBACH. Mr. President, will the Senator yield?

MR. VANDENBERG. I yield.

MR. SCHWELLENBACH. It is a fact, is it not, that the letters which the Senator has received from certified public accountants came very largely in answer to the Senator's letter of January 21st of this year?

MR. VANDENBERG. I should say they were inspired originally by my letter. I would not say that they came in comment upon the letter which I sent.

MR. SCHWELLENBACH. When the Senator came to the realization that his letter of January 21, 1938, did not properly or correctly describe the provisions of title III of the bill, did the Senator then write another letter, and send copies of the bill upon which these comments are made?

MR. VANDENBERG. No; I did not. I think that is asking a little too much, because there is a very close question whether the first letter was entitled to any criticism.

MR. SCHWELLENBACH. Would the Senator have any objection to his first letter being inserted in the *Record* at this point?

MR. VANDENBERG. I do not think the Senator should insert it, but if he wants to, he may.

MR. SCHWELLENBACH. I think, in view of the fact that the Senator—

MR. VANDENBERG. Let it go in by all means, Mr. President.

THE PRESIDING OFFICER. Without objection, the letter will be printed in the *Record*.

MR. SCHWELLENBACH. . . . I think it must be agreed that the responses which the Senator received were to some extent caused by the description of the bill which the Senator sent out.

MR. VANDENBERG. No. On the contrary, I think the answers which I am reading all indicate that these particular certified public accountants have kept closely abreast of the discussions and the changes. *The Journal of Accountancy*, which is the official publication of the certified public accountants, has paid a great deal of attention to the matter from start to finish.

I referred to Lawrence Scudder &

Co. I quote the manager of their Detroit office:

"I do not believe that the present precontrol of Government accounts should be abolished in favor of a post-audit.

"It is my opinion that the Congress has relinquished too much authority in favor of Executive control. The United States has been built on a democratic form of government where the Congress controls the Executive branch. The Congress should never relinquish this right. During the past five years Congress has been too amenable to the wishes of the President."

Mr. President, at some later time I shall insert in the *Record* additional quotations from the various letters which I have received from certified public accountants.

I think I should read a letter from Mr. George C. Ludolph, a certified public accountant, who is president of the Minnesota Society of Certified Public Accountants.

"I believe that the independent comptroller general of the United States should not be abolished and that an executive comptroller, answerable primarily to the President, should not be substituted.

"I believe that precontrol of Government accounts should not be abolished in favor of only a post-audit.

"The elimination of the comptroller general and the elimination of precontrol of Government accounts would actually mean that there would be no real control of Government expenditures such as is proper in a democracy."

I think I should also read the resolution adopted by the Texas Society of Certified Public Accountants, not in response to my letter but on their own initiative:

"Whereas it is reported in the press that Congress may be requested to abolish the office of comptroller general of the United States; and

"Whereas the office has heretofore functioned with great efficiency and to the very definite benefit of the nation in developing a better control of the fiscal affairs of the Government and should be continued: Now, therefore, be it

*Resolved*, That the United States Senators and all members of the House of Representatives from the state of Texas be urged to support the continuance of the office of comptroller general and to adequately provide sufficient appropriations to enable the office to function acceptably and in accordance with existing law."

I wish to refer to one other letter, and then I shall have concluded.

The Senator from Washington [Mr. Schwollenbach] has put in the *Record* the first letter which I sent out, and, which I stated, in my anxiety to be scrupulously fair about this matter, was not the sort of letter which, upon reflection, I felt would bring an unprejudiced answer. Even that might be a debatable question.

The first question I asked was as follows:

"Do you believe that an independent comptroller general of the United States should be abolished and an executive comptroller, answerable primarily to the President, substituted?"

The only trouble with the question is that, in an effort to simplify, I should say it did not completely present the picture, inasmuch as it says nothing about the creation of the accounting office for auditing purposes. But so far as the independent function of the comptroller general is concerned, the function which, to my way of thinking, is utterly controlling in this whole matter, I think the question is fair.

The second question is:

Do you believe that a precontrol of Government accounts should be abolished in favor of only a post-audit?

I am inclined to think that question can be defended. It is the real question,



after all. I think it was unfortunate that, in the interest of simplification, the new authority proposed for the director of the budget was not also mentioned.

MR. SCHWELLENBACH. Mr. President, will the Senator yield?

MR. VANDENBERG. I yield.

MR. SCHWELLENBACH. I do not feel that the questions propounded were as unfair as the paragraph immediately preceding the questions, in which an effort was made to describe the provisions of this bill.

MR. VANDENBERG. I am inclined to agree with the Senator. But let me say to the Senator that the results of the poll were perfectly astounding. Perhaps the Senator would say that was the result of the form in which the ques-

tions were put, although I do not think so, in view of the sentiment which I discovered among certified public accountants across the country.

I shall not refer to the results, as I stated to the Senator, because I do not want to take advantage of any exhibit which, on any basis, might be deemed remotely unfair.

MR. SCHWELLENBACH. I may say to the Senator that in dealing with certified public accountants, they may know all the facts, but if one writes them a letter making an inquiry about a subject, almost invariably they accept the facts stated in the letter and answer the questions asked in the letter, regardless of any information they may have received from other sources.



## Meetings and Elections

### California State Society of C.P.A.'s Los Angeles Chapter

*Date:* March 21, 1938.

*Speaker:* Frank B. Belcher, president,  
Los Angeles Bar Association, "Judicial independence."

### Massachusetts Society of C.P.A.'s

*Date:* March 28, 1938.

*Place:* Boston.

*Speaker:* Honorable Allen T. Treadway, Congressman from Massachusetts, a member of the House ways and means committee, of the joint committee on internal revenue, and ranking minority member of the subcommittee known as the Vinson committee, "Income tax legislation from a legislator's viewpoint."

### New York State Society of C.P.A.'s

*Date:* March 21, 1938.

*Place:* New York.

*Subject:* "The accountant's certificate."  
*Speakers:* James H. Wren, chairman of the meeting.

Roy A. Foulke, of Dun & Bradstreet, Inc., Henry A. Horne, and Jacob S. Seidman.

*Elections:* Committee on nominations—Joseph Getz, P. W. R. Glover, William C. Heaton, Maurice E. Peloubet, A. H. Rosenkampff, Howard V. Swartz, and Norman

E. Webster. (Other members of the committee, appointed by the board of directors, are Samuel J. Broad and James F. Hughes.)

### Pennsylvania Institute of C.P.A.'s Philadelphia Chapter

*Date:* January 21, 1938.

*Speakers:* I. H. Krekstein, deputy secretary of revenue of the commonwealth of Pennsylvania.

Dr. James A. Newpher, director of the bureau of professional licensing of the Department of Public Instruction.

Adrian F. Sanderbeck, chairman of the Pennsylvania State Board for the Examination of Public Accountants.

### Puerto Rico Institute of Accountants

*Date:* February 27, 1938.

*Place:* San Juan.

*Elections:* President—Emiliano Pol, Jr., Bureau of Income Tax, Department of Finance, San Juan, P. R.

Vice-president—Isaías Rodríguez, c/o Simons Co., San Juan, P. R.

Secretary—Juan C. Villariny, P.O. Box 1343, San Juan, P. R.

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## Announcements

Black & Company announce the removal of their offices to 16 East Franklin St., Baltimore, Md.

R. Douglas Campbell and Percival G. Bixby & Company announce that R. Douglas Campbell has been admitted, as of January 1, 1938, to membership in the firm of Percival G. Bixby & Company, with offices at 524-530 Marine Trust Bldg., Buffalo, N. Y.

Edward R. Miller announces the association with him of Harrar W. Taylor, effective February 1, 1938, the practice to be conducted under the firm name of Edward R. Miller & Company, Paducah, Ky.

Ernest E. Murray announces the removal of his office to 424 Stapleton Bldg., Billings, Mont.

Slavik-Chorpening & Company announce the removal of their offices to suite 423-424 Nixon Bldg., Corpus Christi, Texas.

Miller Bailey, of Kansas City, Mo., has been appointed a member of a committee on taxation of the Associated Industries of Missouri.

Reynold E. Blight, of Los Angeles, Calif., on March 18th addressed the James A. Garfield High School assembly, at Los Angeles, on the subject, "Preparing for business."

Mr. Blight also addressed the Beta Alpha Psi Fraternity of the University of Southern California, at Los Angeles,

on March 24th, on "Trends in public accounting."

W. L. Bradley, of Buffalo, N. Y., on March 22nd addressed the Lion's Club of Hornell, N. Y., on the subject of "Sound money."

Scire D. Buell, of Portland, Ore., addressed the Bank Controllers and Auditors of Portland, on February 24th, on the subject of "Burden of proof in taxes."

W. B. Castenholz, of Chicago, Ill., on March 16th addressed the members of the Accountancy Club of the University of Illinois on the subject, "Significant trends in accounting practice."

Harvey S. Chase, of Winter Park, Fla., addressed the Chamber of Commerce of Winter Park on March 9th on the subject, "The confusion regarding money."

Mr. Chase is the author of a book entitled *American Government from the Inside*, which will be published this spring.

Oliver P. Cobb, of Memphis, Tenn., has been reappointed a member of the trade relations division of the Memphis Chamber of Commerce for 1938.

James L. Dohr, of New York, on March 15th addressed the Columbia University Alumni Association of Mount Vernon, N. Y., on the subject, "The economic problem of the New York, Westchester & Boston Railway Company."

Ellen L. Eastman, of New York, N. Y., on March 21st addressed the Business and Professional Women's Club of Newark, N. J., on "Finances of International Federation of Business and Professional Women."

On March 31st Miss Eastman addressed the Accountants Club of City College, New York, N. Y., on the subject, "Women in accounting profession."

Willard J. Graham, of Flossmoor, Ill., on February 15th addressed the Chicago chapter of the American Statistical Association on the subject, "Current problems of public-utility valuation."

Mr. Graham has been appointed treasurer and member of board of the University of Chicago Settlement.

Howard C. Greer, of Chicago, Ill., on March 15th delivered an address before the Chicago chapter of the Controllers Institute of America, on "Cost and prices."

Byron P. Harris, of Atlanta, Ga., is the author of an article entitled "Increasing taxation and its effect upon plant modernization," which appeared in the textile management issue of the *Daily News Record* in January.

Charles Hecht, of New York, N. Y., on February 15th addressed the members of the Accounting Seminar at Columbia University on the subject, "Application of funds—the means to an end."

Edward H. Heilman, of Norwich, Conn., has been appointed a member of the finance committee of the board of education of Norwich.

Anson Herrick, of San Francisco, Calif., is the author of an article entitled "Comments upon the undistributed-profits tax of 1936," which

appeared in the February issue of *San Francisco Bar*.

C. L. Kelly, of Eugene, Ore., is chairman of a committee appointed to make a tax and municipal management survey of Eugene and Lane County, Oregon.

Adelbert R. Kennett, of Roanoke, Va., has been appointed, by Governor George C. Peery, as a member of the state dry cleaners board.

Joseph M. Lowery, of Los Angeles, Calif., on March 10th delivered an address over radio station KFAC, Los Angeles, on the subject, "Local tax structure." On the same date Mr. Lowery led a panel discussion of employment problems to be faced by students, at the University of Southern California Vocational Conference, at Los Angeles.

William Margulies, of Newark, N. J., is the author of an article entitled "Your taxes—and depreciation," in the March issue of *The Inland Printer*.

T. B. Maxfield is the lecturer in the hotel administration course at Cornell University for the second term of the year 1937-1938 on the subject, "Procedure for financial and operating control in hotels through use of budgets."

Mr. Maxfield is also lecturer for the year 1937-1938 to the Ithaca chapter of the American Institute of Banking, on the subject, "Analyzing financial statements."

Under the auspices of the University Broadcasting Council, as a feature of the DePaul University, Charles Melvoin, of Chicago, Ill., delivered over station WBBM a series of weekly addresses, January 22nd through March 12th, on the subject, "Your income tax."

F. J. Munchalfen, of Joliet, Ill., addressed the Joliet Rotary Club, February 8th, on the subject of "Present-day tax problems."

George S. Olive, of Indianapolis, Ind., has been appointed a member of the executive committee and chairman of the tax committee of the Inter-organization Council of Indiana.

Fred E. Pflughaupt, of San Antonio, Texas, has been secretary of the zoning commission of the city of San Antonio since 1936.

Arthur L. Podolak, of Aurora, Ill., on March 1st addressed the Chamber of Commerce of St. Charles, Ill., on the subject of "Tax problems."

Mr. Podolak has recently been appointed a director in the following organizations: Old Second National Bank of Aurora, the Aurora Chamber of Commerce, and the Aurora Building and Loan Association.

Lester A. Pratt, of Washington, D. C., is the author of an article entitled "Federal income taxes relating specifically to national and state banks," in the March 12th issue of the *American Banker*.

Julius J. Rauh, of New York, N. Y., recently addressed the members of Beta Alpha Psi Fraternity of New York University, at the Wellington Hotel, on the subject, "Preparation of individual income tax returns."

E. H. Schuck, of Chicago, Ill., has been elected secretary-treasurer and a member of the executive committee of the Citizens Association of La-Grange, Ill.

R. R. Sevenich, of St. Paul, Minn., on March 17th addressed the members of the Minneapolis chapter of the National Association of Bank Auditors and Comptrollers, on the subject, "Methods of covering defalcations."

Frederic H. Smith, of Kansas City, Mo., addressed the Casualty and Surety Institute of Kansas City March 15th on the subject of "Casualty insurance accounting," and on March 22nd on the subject of "Insurance company annual statements."

A. J. Watson, of San Francisco, has been appointed a member of the Bridge and Highways Committee of the San Francisco Chamber of Commerce.

C. A. Williams, of Sioux City, Iowa, on February 9th addressed the Sioux City Real Estate Board on the subject, "New phases of income taxes."

E. S. Woolley, of Brooklyn, N. Y., on March 18th addressed the American Bankers Association regional conference at Indianapolis, Ind., on the subject, "Determining per item costs."

Mr. Woolley is the author of an article in the March issue of *Banking*, entitled "The hodgepodge of service charges."



THE  
CERTIFIED PUBLIC  
ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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Institute on Accounting  
Election of Members  
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*Officers 1937-1938*

### AMERICAN INSTITUTE OF ACCOUNTANTS

135 CEDAR STREET, NEW YORK CITY

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## An Outstanding Meeting

OF THE forty-seven members of council of the American Institute of Accountants, thirty-five were present at the regular spring meeting of council held at the Waldorf-Astoria hotel, New York, on April 11 and 12, 1938. They came at their own expense from the west coast and various other sections of the country, representing twenty-one states, to spend two days at New York working on the business of the Institute.

Twenty-three of the thirty-four existing committees of the Institute presented reports to council, and sixteen committee chairmen, not members of council, were present in person and were given the privilege of the floor.

Two full days from nine-thirty to five-thirty were occupied in hearing reports, discussing the problems which they raised, adopting resolutions and instructing officers and committees. Many committees not only reported on their own activities but described the professional problems in the fields with which they were concerned.

The opinion of the council itself as to the importance of the meeting is evidenced by its decision that for the first time committee reports and a summary of related discussion be published in pamphlet form and distributed to all members and associates. This had never been done after a spring meeting of council. The pamphlet will appear toward the end of May.

The spirit of the one national accountancy organization was reflected in this meeting. It was obvious to all that the activities of the Institute had broadened greatly. There is scarcely any problem of accountancy which is not receiving active attention in some department of the Institute. It was likewise evident that the men charged with the duty of carrying on the work were taking their responsibilities seriously.

The spring meeting of council encourages the most optimistic hopes for the future of the national organization, and deserves in its own right recognition as an outstanding meeting of professional accountants.

## Mountain States Accounting Conference

**E**IGHT state societies of certified public accountants and the American Institute of Accountants are coöperating in arrangements for a Mountain States Accounting Conference to be held at the Hotel Utah in Salt Lake City on Tuesday and Wednesday, May 31st and June 1st. Clem W. Collins, president of the American Institute, will be one of the speakers.

State societies coöperating in conference plans are those in Utah, California, Colorado, Idaho, Arizona, Montana, New Mexico, and Wyoming. Professional accountants in the state of Nevada are also taking an active part in arrangements for the Salt Lake City sessions.

Subjects to be taken up at the Mountain States Accounting Conference include accounting requirements under regulations of the Securities and Exchange Commission, the revenue act of 1938, competitive bidding, municipal accounting and finance, depletion problems, the nature and source of corporate distributions, and accounting problems of seasonal manufacturing companies. There also will be a period set aside for discussion of *A Statement of Accounting Principles*.

In addition to Mr. Collins, speakers at the conference will include Anson Herrick, of San Francisco, vice-president of the American Institute of Accountants; Carman G. Blough, chief accountant of the S.E.C.; Orval W. Adams, president of the American Bankers Association; Frank G. Short, of San Francisco, who will discuss problems of depletion; J. William Hope, president of the Connecticut Society of Certified Public Accountants, who will discuss the campaign of his society against competitive bidding; George P. Ellis, of Chicago, chairman of the Institute's special committee on governmental accounting; Norman L. McLaren, of San Francisco, who will present a paper on the revenue act of 1938.

Lincoln G. Kelly, of Salt Lake City, past president of the Utah Association of Certified Public Accountants, will be general chairman of the conference. Events on the program will include a "get-together" breakfast on May 31st, a luncheon on the same date, and a banquet on June 1st.

The general committee in charge of conference plans has announced that registration is open to everyone. The registration fee has been set at \$5 and covers admission to all sessions and costs of the conference breakfast, luncheon, and banquet. A special registration fee for ladies, including the cost of the conference luncheon and banquet, has been set at \$3.

# Audit Services to Colleges and Universities

BY LLOYD MOREY

AS THE busiest season of the year for accountants has now closed, thought may well be given to opportunities for service in fields other than private business. One of these is in audits and system installations for colleges and universities.

If public accountants are to render useful service for such institutions, they need to acquaint themselves with the conditions which apply and the standards of accounting and reporting practice which have been developed. General uniformity of procedure has been made possible through the work of the National Committee on Standard Reports. Its recommendations are contained in *Financial Reports for Colleges and Universities*, University of Chicago Press, 1935. This volume contains charts of accounts, model forms of financial statements, and explanation of terms and procedure which are peculiar to educational institutions.

The work of the National Committee has been supplemented by the studies of the financial advisory service of the American Council on Education. This body has issued a number of bulletins dealing with forms of college financial statements and accounting procedure. By virtue of their wide adoption, these materials can now be said to constitute "accepted principles" of practice in the area to which they apply.

Work of this kind is not as rewarding from a monetary standpoint as that generally possible in private audits. It is interesting, however, and comes at a time of year when other work frequently is at a low ebb. It has the advantage of providing an opportunity for the accountant to be of public service, and in view of this, he may well content himself with the modest returns which are available. Many small institutions, particularly, are in a great need of the services of competent and well-informed accountants.

It is to be hoped that public accountants in increasing number will familiarize themselves with these problems and the proper methods of solution, and thus stand in readiness to provide such service when opportunity offers. The financial advisory service stands ready to aid both institutions and accountants in every way possible.

## Accountants' Testimony at Hearings on Federal Tax Bill

AS REPORTED in an earlier issue, Victor H. Stempf, chairman of the American Institute of Accountants committee on Federal taxation, appeared before the Senate finance committee on March 18th and presented his committee's recommendations regarding the provisions of the proposed revenue act of 1938. The text of the committee's memorandum was published in the May issue of *The Journal of Accountancy*. Oral testimony by Mr. Stempf when he appeared before the committee was as follows:

THE CHAIRMAN: You appeared before the House committee, I think.

MR. STEMPF: I did not; I filed a brief with them.

THE CHAIRMAN: Mr. Stempf, you represent the committee on taxation of the American Institute of Accountants?

MR. STEMPF: Yes. My name is Victor H. Stempf, a resident of Larchmont, N. Y. I am a certified public accountant, a partner in the firm of Touche, Niven & Co., New York, N.Y. I am appearing as chairman of the committee on Federal taxation of the American Institute of Accountants. My associates on the committee are Mr. William L. Clark of Tulsa, Okla.; Mr. James A. Councilor, of Washington, D. C.; Mr. Clarence L. Turner, of Philadelphia, Pa.; and Mr. Leon E. Williams, of New York, N.Y.

I request the privilege of filing, on behalf of the American Institute of Accountants, a memorandum dealing with revision of the revenue laws, with special reference to the bill recently passed by the House of Representatives. The report deals particularly with questions of an accounting nature and stresses—

- (1) Outright repeal of the tax on undistributed profits;
- (2) Further modification of the capital-gains section;
- (3) Opposition to the reintroduction of the surtax on closely held corporations advocated in title B of the House bill;
- (4) A sound broadening of the base of income taxation;
- (5) The restoration of consolidated returns;
- (6) The determination of fixed principles of income taxation; and
- (7) The modification of rates generally in the belief that lower rates will induce business activity and result in equal or improved revenue yield.

THE CHAIRMAN: Why do you say that?

MR. STEMPF: I think that the history of our revenue act has demonstrated the fact that lower rates, by reason of the incentive which they give to business, create business activity, greater profits, and thereby yield greater revenue at lower rates. I think that you yourself, Mr. Chairman, have admitted the application and the effect of the law of diminishing returns in statements that you have made, which I think are very properly applicable. There are also included recommendations relating to technical revisions of existing provisions.

THE CHAIRMAN: Does that statement apply to capital gains as well as the high surtax rates?

MR. STEMPF: Most definitely so.

THE CHAIRMAN: It does not apply to undistributed profits, does it?

MR. STEMPF: I am unalterably opposed to the principle of the undistributed-profits tax.

THE CHAIRMAN: You do not know whether you can do justice by it?

MR. STEMPF: Because I feel it is absolutely contrary to the fundamentals of sound corporate finance. There are also included recommendations relating to technical revisions of existing provisions; including a proposal to defer for an additional 30 days the filing date of returns. It is believed that some change in this respect is needed urgently to alleviate the growing difficulty of taxpayers to comply with existing requirements, due to the increasing complexity of the law and the more exacting attitude of the Bureau of Internal Revenue relative to extensions of time for filing returns.

In compliance with the wishes of your committee, I shall refrain from presenting any of these matters in further detail at this time; and offer the Institute's detailed memorandum which you and your technical assistants may consider in due course.

SENATOR LONERGAN: Mr. Chairman, I would like to ask the witness a question.

THE CHAIRMAN: Senator Lonergan.

SENATOR LONERGAN: You say you are opposed in principle to the undistributed-profits tax. What would be your remedy where a corporation intentionally withheld the distribution of profits?

MR. STEMPF: I have included in my memorandum in support of that a statement recently made by Maurice Wertheim, in the *Harper's Magazine*, in which he says 102 is there in the act and he cannot believe that American ingenuity has gotten to the point where it cannot put teeth in that section. That is the remedy. Frankly, I have no suggestions to make as to strengthening that section. I do not believe it has been applied as fully as it might have been. There has been too much compromise in most of these cases, but I think that is the proper remedy for the improper retention of surplus.

SENATOR LONERGAN: We would be glad to get any suggestions that you and your associates might have.

MR. STEMPF: I have discussed the thing at some length, but I have not arrived at any conclusions. I might say that this memorandum was prepared over night on Wednesday. This hearing came about 10 days sooner than we expected.

THE CHAIRMAN: We do not work as slowly as some other committees.

MR. STEMPF: I think you have done an excellent job.

THE CHAIRMAN: You are the head of the American Institute of Accountants?

MR. STEMPF: I am chairman of the committee on taxation.

THE CHAIRMAN: How many members do you have?

MR. STEMPF: We have approximately 5,000 members throughout the country.

THE CHAIRMAN: Are they composed of certified public accountants?

MR. STEMPF: All certified public accountants, and included in our group is an advisory council of state society presidents who, in turn, represent all of the certified public accountants within all of the states of the country.

THE CHAIRMAN: Are there any of the members of your Institute in the employ of the Treasury Department?

MR. STEMPF: I would not doubt that there are, Senator.

THE CHAIRMAN: I expect so.

MR. STEMPF: Yes.

THE CHAIRMAN: All right, thank you.

**M**AURICE E. PELOUBET, of New York, a member of the American Institute of Accountants, also appeared before the Senate finance committee on March 18th as a representative of the Copper and Brass Mill Products Association. He presented a brief urging that provision be made in the proposed revenue act to permit use of the last-in, first-out method of costing sales in determination of taxable income, when that method is in conformity with the taxpayer's method of keeping his books or records and with the best accounting practice in the trade or business. Mr. Peloubet's oral testimony was, in part, as follows:

MR. PELOUBET: What the members of the Copper and Brass Mill Products Association want is an amendment in section 22 (c) which will permit them to determine the cost of current sales by using the cost of the metal which they buy currently to cover such sales. This is the system which I have described as last-in first-out—that is, metal which is sold is deemed to be the last acquired instead of the first acquired, as the Treasury regulations now provide. This method corresponds with the mills' actual practice in conducting their business and is the method which many of them now use for their corporate accounts, although they are not allowed to use it for tax purposes. It determines all of the profit which they have actually realized, but it does not tax them upon profits or allow them losses which have not occurred as the present method does.

There can be no doubt that the last-in, first-out method is an approved accounting practice. Statements filed on this basis have been accepted by the Securities and Exchange Commission, and the special committee on inventories of the American Institute of Accountants approved this method in a report dated May 7, 1936. In *A Statement of Accounting Principles* prepared by Professor Sanders, of the Harvard School of Business, Professor Hatfield, of the University of California, and Professor Moore, of the Yale University School of Law, the authors expressed their approval of last-in, first-out or similar methods. This study was prepared under the auspices of the Haskins & Sells Foundation, an organization formed for research into accounting matters, and was published by the American Institute of Accountants.

I have here letters from members of nine of the most prominent accounting firms in the United States approving the use of this method. . . .

The copper and brass mill products industry is being subjected to discriminatory treatment by the United States Treasury Department because other manufacturing industries are permitted to use their recognized accounting methods to determine taxable income and are taxed on income which is admittedly realized or realizable, while the copper and brass mill products industry is taxed on unrealized and unrealizable income determined by methods not recognized by the industry.

Other industries are permitted to determine income and inventories by methods substantially similar in purpose and effect to the method the use of which is denied to the copper and brass mill products industry.

Industries dealing in a product such as cotton textiles or flour, where the conditions are similar to those in the industries described above, apply "hedging" transactions to their inventories and are thus able to get for themselves the same sort of results as the industries under discussion obtain by the use of the last-in, first-out method. The cotton and flour milling industries are permitted to use their "hedging" methods for tax purposes. The leather, nonferrous metal, and other industries are not permitted to use an accounting method producing the same results. The entirely fortuitous circumstances of the existence or absence of an effective future market is thus made the basis of discrimination between various taxpayers similarly situated.

The high rates of tax which are generally considered to be inevitable for many years in the future magnify the importance of using accounting methods which reflect only such income as can actually be dispersed in taxes. A nominal tax rate of 5 per cent. which by the inclusion of fictitious income becomes an actual rate of 10 per cent. is unfair but will not ruin an industry. A nominal rate, however, of 20 to 30 per cent. levied on the fictitious income may easily become an actual rate of 40, 60, 80 or 100 per cent. on realized income. The members of this association do not wish to pay an effective rate of three or four times that of most industries and I cannot believe that it is the intention of Congress that they should do so.

I ask, therefore, that the section of the proposed act which deals with inventories should be so worded as to make it possible for the members of this industry to determine their taxable income on a basis which is generally accepted as that which shows as nearly as possible the actual results of operations and the actual realized income. They ask relief from the arbitrary imposition on their industry of a method which is clearly unsuited to it and which shows results which are demonstrably at variance with the facts. . . .

THE CHAIRMAN: You say it is a question then of regulation by the Department?

MR. PELOUBET: I think not, because the Department has refused to recognize an accepted method.

THE CHAIRMAN: I understood that the Treasury Department, in 1936, had stated that they had the power to effect it by rules and regulations.

MR. PELOUBET: They now say no. . . .

THE CHAIRMAN: I might say to you that this is not a new question. I remember it was presented in 1936. . . .

MR. PELOUBET: There is one thing that I might bring out. Of course we are not asking for privileges, we are not asking for anything exceptional, and there is nothing in this method which will reduce revenue over a period. As a matter of fact, in the year 1937 the revenue would have been increased if we had been permitted to use this method; for the year 1937 there would have been more taxable income in a number of industries than there are. Of course that will always happen in a period of declining prices. It works both ways. Our people are perfectly willing to take the consequences either way. The only thing is we do not want to pay taxes two or three years before we make any profits just because we write up inventories which we cannot sell. . . .

**J**OSEPH J. KLEIN, a member of the Institute and chairman of the committee on Federal taxation of the New York State Society of Certified Public Accountants, appeared before the Senate finance committee on March 19th to present his committee's recommendations on the proposed revenue bill. Before presenting the brief of his committee, however, Dr. Klein expressed his personal views on several provisions of the House bill. Following are extracts from his oral testimony:

**DR. KLEIN:** The present bill provides, aside from special corporate taxes, three separate levies depending on the net income of corporations: one on corporations with net incomes of not over \$25,000; another on corporations with net incomes slightly over \$25,000; and a third on corporations with net incomes above this last figure.

First of all, if you are going to retain the "notch" provision, it cannot be simplified, but must continue to remain a tax abomination. You cannot avoid that. The purpose is commendable. There should not be too great an increase in tax with respect to a corporation with an income, let us say, of \$25,001, as compared with a corporation having a net income of only \$25,000. Second, there was no logical excuse, in my opinion, for the introduction, I think in the 1935 act, of the graded corporate taxes. That gradation with respect to income has absolutely no place in a logical tax on corporations. It has no relationship whatever to ability to pay, as I am willing to demonstrate, if you call for such demonstration.

It seems to me that the same bracket of income of all corporations should be subject to the same measure of tax, and that is the principle which applies today and has applied consistently ever since 1913 with respect to the income of individuals. The first \$5,000 of taxable income of every individual, regardless of his total income, is subject to the same measure of tax. That, too, should be the rule with respect to corporations.

Thus, I feel that a flat tax on all corporations, regardless of net income, is the fairest corporate levy. But if you are to differentiate between classes of corporations merely because of net income and not because of size, it seems to me that the first \$25,000 of net income, let us say, should be subject to the same tax, and that those corporations enjoying larger incomes should be subject, if necessary, to a higher tax rate, but only on net incomes above \$25,000.

**SENATOR KING:** Then the equality of taxation relates to those having a smaller income, rather than to those having a huge income, so that the equality is not preserved, if I understand you?

**DR. KLEIN:** Not if you have two brackets; you are correct.

**SENATOR KING:** Yes.

**DR. KLEIN:** But I am speaking practically, as you always do, because you are confronted with the real problem of raising revenue, and if you are to differentiate between corporations because of income and preserve some measure of the existing differentiation, reluctantly I concede no other way of achieving your purpose except to divide the corporations into two classes.

**SENATOR CONNALLY:** You say large incomes. Do you mean a large percentage or just merely a large amount?

**DR. KLEIN:** You put your finger on a weak spot, Senator. When people speak of large corporations, they sometimes forget that, if there are a large number of



stockholders, the individual share may be less than the average ownership in small corporations.

SENATOR CONNALLY: You say we would probably have to divide into two classes and tax one at the higher rate. Where would the line break? . . .

DR. KLEIN: Logic and equity should determine that the levy should be based upon the return on the investment. Expediency and administration rebel at such a tax levy.

SENATOR CONNALLY: That is the excess-profits tax idea.

DR. KLEIN: So I say as to the question of expediency—Mr. Parker is here and he will agree with me, I believe—that the Treasury, if you will pardon the characterization, would have tantrums if you reintroduced the excess-profits tax of the 1918 vintage.

One word about capital-gains taxes. The brief which I file contains a rather complete presentation of the subject.

May I, speaking for myself, say here that it seems to me advisable to adopt merely one of the British revenue provisions, and that is the classification of income by types.

I would—this is not in the brief—put in a separate category or compartment capital gains and losses; I would treat them separately and apart from ordinary income of all types. If you do that, you can then subject the net capital gain to a tax rate, which ought to be a flat rate, in my opinion, not less than 10 per cent. I feel that the rate would be repressive and unproductive if over 15 per cent. But whatever the rate fixed tentatively, you would soon find out whether you were wise or not quite so wise, because the returns would come back quickly enough to indicate whether you had been sufficiently prophetic to hit the right rate to produce the maximum amount of revenue and to undo that log jamming in the capital market.

THE CHAIRMAN: In other words, it would be a pretty good experiment in your opinion?

DR. KLEIN: I think a very wise and a very justified experiment, Senator. . . .

Now, one word about a matter for which you are not responsible but which was continued in the House bill, and which was introduced for the first time in the 1937 act.

I refer now to section 802 of the House bill, which provides for disclosure by lawyers and accountants of advice given with respect to foreign corporations. . . .

THE CHAIRMAN: What is your position, just briefly stated?

DR. KLEIN: Very briefly stated, we oppose it, and we hope you will as well.

THE CHAIRMAN: I understand. I have not seen a lawyer yet that is for it.

DR. KLEIN: It is unnecessary, Senator.

A provision for sufficient disclosure on the part of the American shareholders, officers, and directors appears in the bill. The provision is rightly regarded as obnoxious and vicious and it is resented by every reputable accountant and attorney. Those of us who practice resent the imposition on us of the obligation, which if it is in the law, we shall, of course, respect and observe. I submit, we should not be asked to reveal matters which ought to be confidential as between client and adviser.

# American Institute of Accountants

## Examinations

The regular spring examinations of the American Institute of Accountants were held on May 12th and 13th in states and territories which participate in the Institute's plan of cooperation with accountancy boards. The percentage of passes and failures in the states for which papers are given preliminary gradings by the Institute's examiners will be published in a subsequent issue of this bulletin.

## Membership in Professional Societies

The Institute has recently adopted the policy of addressing to each new recipient of a C.P.A. certificate a memorandum describing the advantages of membership in the accredited state and national organizations of the profession, and outlining their activities.

In summarizing the advantages, the memorandum states that such membership registers an accountant as an accredited member of his profession, who has subscribed to the highest standards of his calling, has satisfied his fellow practitioners that he is adequately equipped to practise accounting, and has voluntarily subjected himself to rigorous codes of ethics. Naturally, in view of these facts, membership in these bodies brings prestige to the individual in the eyes of the public. Membership also brings the advantage of intellectual growth which comes from association with fellow practitioners and exchange of ideas and information with them.

## Institute on Accounting

The president of the American Institute of Accountants will be a speaker at the institute on accounting to be held at Columbus, Ohio, on Friday and Saturday, May 20th and 21st, under the sponsorship of the College of Commerce and Administration of the Ohio State University. The desire of the college is to bring together practising public accountants, private and industrial accountants, leading university instructors in accounting, business executives, and public officials in a conference for discussion of subjects of common interest. Especially invited guests will include the members of the Ohio Society of Certified Public Accountants, who are lending their support to the conference.

Formal sessions will be held in the Commerce Auditorium of the university and the headquarters hotel will be the Deshler-Wallick.

There will be four sessions on Friday and two on Saturday, each session conducted by a different chairman and consisting of short addresses and the presentation of prepared papers.

Homer C. Dalton, president of the Ohio Society of Certified Public Accountants, will be chairman of the first session, and J. L. Morrill, vice-president of the Ohio State University, will deliver the address of welcome. Following the welcoming address two papers will be presented: "The junior accountant—his problems, responsibilities, and training," by Professor Hiram T. Scovill, of the University of

Illinois, president of the Illinois Society of Certified Public Accountants; "The practitioner's responsibilities in a program of education for the accountant," by Professor Roy B. Kester, of Columbia University, chairman of the committee on education of the American Institute of Accountants.

At the luncheon session, to be held in the Faculty Club of the university, an address will be delivered by Stuart C. McLeod, secretary of the National Association of Cost Accountants. George W. Eckelberry, assistant to the president of the Ohio State University, will preside.

The third session, of which Henry B. Fernald, past president of the New Jersey Society of Certified Public Accountants, will be chairman, will be devoted to papers dealing with the subject of the 1938 revenue act. Included are: "The viewpoint of the public accountant," by Victor H. Stempf, chairman of the committee on Federal taxation of the American Institute of Accountants; "The viewpoint of the industrial accountant," by C. Howard Knapp, vice-president of the National Association of Cost Accountants; and "The viewpoint of the Treasury Department," by Thomas Tarleau, legal assistant to the Undersecretary of the Treasury, Washington, D. C.

An informal dinner session will be held at the Faculty Club, with Walter C. Weidler, dean of the College of Commerce and Administration, as chairman. George W. Rightmire, president of the Ohio State University, will make a brief address of greeting, followed by Clem W. Collins, president of the American Institute of Accountants, who will deliver an address on "The place of accounting in the changing social order." The Honorable George C. Mathews, member of the Securities and Exchange Commission, will speak

on "Accounting in relation to regulation of securities sales."

The chairman of the fifth session, which will be held on Saturday morning, May 21st, will be William F. Marsh, president of the National Association of Cost Accountants. Papers will be presented by Eric A. Camman, member of the American Institute of Accountants, on "Relation of costs to the determination of selling price," and by Howard C. Greer, also a member of the Institute, and assistant treasurer of the Institute of American Meat Packers, on "Would published financial statements be improved by more uniform application of accounting rules and standards?" These papers will be discussed by E. A. Heilman, of the University of Minnesota, president of the American Accounting Association.

The meeting will close with an informal luncheon Saturday at 12 noon, held at the Faculty Club.

Saturday afternoon will be devoted to entertainment, including the finals in the Western Conference Track and Field Championships, at the Ohio Stadium, and golf on the new university 27-hole golf course.

### Plan Book for Public Relations

The Institute has recently addressed to state society and chapter presidents a *Plan Book for Public Relations*—a mimeographed book of some 21 pages, prepared by the staff of the Institute as an aid in promoting the public relations activities of state societies of certified public accountants and their chapters. Among the subjects treated are: relations with the press; relations with other groups; meetings; speakers from the "outside"; speakers from within the profession; radio; press bureau; clippings; an actual publicity operation; and a number of others.

### Visitors at Institute Offices

The following visitors from out of town called at the offices of the Institute at 135 Cedar street, New York, during recent weeks:

T. Coleman Andrews, Richmond, Va.  
 Robert W. Black, Baltimore, Md.  
 C. E. Fernald, Philadelphia, Pa.  
 Howard C. Greer, Chicago, Ill.  
 Paul W. Pettengill, Chicago, Ill.  
 Charles F. Rittenhouse, Boston, Mass.  
 Durand W. Springer, Washington, D. C.  
 Clarence L. Turner, Philadelphia, Pa.

### Accounting and the S.E.C.

The Securities and Exchange Commission on April 25th issued the following statement of administrative policy with respect to financial statements:

"In cases where financial statements filed with this commission pursuant to its rules and regulations under the securities act of 1933 or the securities-exchange act of 1934 are prepared in accordance with accounting principles for which there is no substantial authoritative support, such financial statements will be presumed to be misleading or inaccurate despite disclosures contained in the certificate of the accountant or in footnotes to the statements provided the matters involved are material. In cases where there is a difference of opinion between the commission and the registrant as to the proper principles of accounting to be followed, disclosure will be accepted in lieu of correction of the financial statements themselves only if the points involved are such that there is substantial authoritative support for the practices followed by the registrant and the position of the commission has not previously been expressed in rules, regulations or other official releases of the commission, including the published opinions of its chief accountant."

### President and Secretary in Midwest

Certified public accountants of six midwestern cities entertained Clem W. Collins, president, and the secretary of the Institute between April 14th and 21st. On the day after the council meeting at New York, April 11th and 12th, the two officers embarked for St. Louis, Kansas City, Omaha, Minneapolis, Milwaukee, and Chicago.

Everywhere they were received with every indication of goodwill and with assurances that the state societies are pleased with the policies and the progress of the national organization. The profession seems firmly united in each state, and local groups everywhere are planning greater activity than in the past.

Regional meetings are gaining in favor, and public relations are the subject of much discussion. Careful planning of state society activities is increasingly prevalent.

At meetings in each city the president and secretary of the Institute outlined the problems of the profession and what is being done to solve them.

#### ST. LOUIS

O. E. Fischer, chairman of the St. Louis Chapter, Missouri Society of Certified Public Accountants, presided at a meeting of seventy members at the Missouri Athletic Association, Thursday evening, April 14th. E. H. Wagner, former vice-president of American Institute of Accountants, introduced the Institute's officers, who were the only speakers. A luncheon of the officers and directors of the St. Louis Chapter was held for the guests at noon, and afforded opportunity for round-table discussion of means of coöperation between state and national bodies.

### KANSAS CITY

Officers and directors of the Kansas City Chapter of the Missouri Society and Missouri State Board members entertained the visitors at lunch at the Kansas City Club, April 15th. In the evening a meeting of the chapter was held at the same place, where a record attendance of about 60 was recorded, evidently in response to the following paragraph from the meeting notice sent out by A. Henry Cuneo, chapter secretary:

"The speakers mentioned above are merely officers of our national association. They are going to speak on problems which they think are interesting and profitable to all certified public accountants. The Kansas City C.P.A.'s are requested *not* to turn out in great numbers at the meeting, otherwise these 'furriners' might get the idea that we are actually glad to see them."

John G. Stauffer, chapter president, acted as toastmaster and introduced the guests. Miller Bailey, member of council of Institute, closed the meeting with an expression of thanks.

### OMAHA

About 20 certified public accountants, including a number from Lincoln, Neb., attended a luncheon for the Institute officers at the Paxton hotel, Omaha, Saturday, April 16th. Henry C. Moeller, president of the society, presided and introduced the visitors.

### MINNEAPOLIS

On Monday, April 18th, the Institute's officers lunched with officers and directors of the Minnesota Society of Certified Public Accountants at the Minneapolis Athletic Club. That evening there was a meeting at the Leamington hotel at which 55 members and guests were present. George C. Lu-

dolph, president of the Minnesota Society, presided.

Herman C. J. Peisch, past president, presented to Earl A. Waldo, immediate past president of the society and a member of the council of the Institute, a scroll expressing appreciation of his services as president of the Minnesota Society. The president and secretary of the Institute were then introduced and spoke at some length about the affairs of the national organization.

### MILWAUKEE

On April 19th, the president and the secretary were guests of the Milwaukee Chapter of the Wisconsin Society of Certified Public Accountants. At luncheon the Institute's representatives were entertained by the officers of the chapter and the state society as well as directors and committeemen. About 22 persons were present. In the evening there was a meeting of the chapter at the Shroeder hotel, attended by 110 members and guests. Milton A. Feldmann, chairman of the Milwaukee Chapter, presided, but Carl E. Dietze, president of the Wisconsin Society, was asked to introduce the guests.

### CHICAGO

Two hundred and twenty-five members of the Illinois Society of Certified Public Accountants attended a meeting at the Union League Club, Chicago, Wednesday evening, April 20th, at which the Institute's officers were principal speakers. Hiram T. Scovill, president of the Illinois Society, presided. Prior to his introduction of the president of the Institute, Mr. Scovill announced that for the twenty-fifth successive year gold and silver medals would be presented to the candidates receiving the highest grades in the Illinois examinations for November,

1937. Joseph William Didriksen received the gold medal and Lawrence Walter Marshall, the silver medal.

At luncheon at the Palmer House on the same day the Institute's officers had been guests of the officers and directors of the Illinois Society and had attended a directors' meeting in the early afternoon, at which the possibility of greater coöperation between the national organization and the Illinois Society was discussed at length.

### Lecture and Study Group

The New York lecture and study group held its fifth and final meeting for the season at the Town Hall Club, New York, Monday evening, May 2nd. Robert M. Leng, assisted by R. D. Gracey, led the discussion on the subject of "Accounting office practice." The lecture and study group meetings will be resumed in the fall.

### Secretary Attends Harrisburg Meeting

The Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants held its monthly meeting on April 28th at the Harrisburger hotel. J. Craig Aikins, Jr., chairman of the chapter, presided. There were 20 persons present.

John L. Carey, secretary of the American Institute of Accountants, who was the guest speaker, discussed important questions requiring immediate and constant consideration by state societies and their chapters throughout the country. Among these questions are accountancy education, C.P.A. legislation, relations with the Securities and Exchange Commission, accounting principles, relations with the bar, Federal legislation involving accounting problems, natural business year, competitive bidding, and public relations.

The secretary then described the facilities of the national organization for dealing with these matters, particularly its new facilities for assisting state societies in planning and carrying out their important part of the work.

### Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, 28 applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

#### ADVANCED TO MEMBERSHIP

T. Reginald Cloake, New York, N. Y.  
Charles F. Herrmeyer, Chicago, Ill.  
Joseph R. Hock, Chicago, Ill.

#### ADMITTED AS MEMBERS

John Philip Barlow, New York, N. Y.  
Gordon W. Blair, Cleveland, Ohio  
Dallas Blair-Smith, New York, N. Y.  
Edwin C. Chinlund, New York, N. Y.  
Russell C. Harrington, Providence, R. I.

Kenneth W. Hurst, Tyler, Texas  
Erwin W. Jacobi, Wichita, Kan.  
James J. Nadel, New York, N. Y.  
Harry O. Parker, Raleigh, N. C.  
Frank N. Robinson, Norwalk, Conn.  
William M. Russ, Raleigh, N. C.  
Edwin H. Wagner, Jr., St. Louis, Mo.  
Louis C. Weiss, Cleveland, Ohio  
Irving A. Wills, New York, N. Y.

#### ADMITTED AS ASSOCIATES

Edward I. Anfindsen, New York, N. Y.  
Edgar Phipps Cannon, Norris, Tenn.  
Walter BeVier Cole, Fayetteville, Ark.  
Gayle L. Dalferes, New Orleans, La.  
Albert J. McGlasson, Chicago, Ill.  
Kermit Neuman, Chicago, Ill.  
Frederick A. Powers, Cincinnati, Ohio  
Laurent J. Roger, New Orleans, La.  
George E. Shoup, Chicago, Ill.  
Frederick R. Temple, Chicago, Ill.  
Raymond L. Tollett, Fort Worth, Texas

### Secretary to Speak at Virginia Meeting

John L. Carey, secretary of the Institute, will attend the spring meeting of the Virginia Society of Public Accountants, to be held at Lynchburg on Friday and Saturday, May 20th and 21st. At the Friday morning session the secretary will address the members of the society. There will be a two-hour period on Saturday morning devoted to a review and discussion of *A Statement of Accounting Principles* by three members of the Virginia Society—Hugh L. Dickerson, James A. Leach, Jr., and James A. Rennie, all of Richmond.

### Social Science Association Meeting

Four members of the American Institute of Accountants participated in the accounting section of the program for the nineteenth annual meeting of the Southwestern Social Science Association. The meeting was held April 15th and 16th at the Skirvin hotel, Oklahoma City, Okla. During the two-day period there were four sessions of the accounting section, one of which was held in conjunction with the business administration section. On April 15th the accounting section held a joint breakfast session with the Oklahoma Society of Certified Public Accountants. The sessions consisted of the presentation of prepared papers, discussions, and round tables on topics of particular interest to accountants.

A number of accountants and instructors in accounting took part in the program. Following are the members of the Institute who participated: William K. Newton, University of Oklahoma, Norman, Okla.; Earl A. Saliers, Louisiana State University, University, La.; Ross T. Warner and Dwight Williams, of Oklahoma City, Okla.

### Vice-presidents in South and Southwest

William C. Heaton, of New Jersey, and Anson Herrick, of California, vice-presidents of the Institute, planned visits to state societies during May in the south and southwest, respectively.

Mr. Heaton left on May 1st for a meeting at Savannah, to be held on May 2nd, and subsequently completed the following schedule: Jacksonville, May 3rd; Atlanta, May 4th; Memphis, May 6th; Jackson, May 7th; and New Orleans, May 9th.

Mr. Herrick will visit the following cities between May 17th and May 26th: Phoenix, El Paso, Fort Worth, Dallas, Little Rock, Topeka, Wichita, and Denver.

### American Women C.P.A.'s

The committee for the organization of a junior auxiliary of the American Woman's Society of Certified Public Accountants met recently in Chicago to discuss a tentative outline of a plan for formation of this group. The name of the group is to be American Woman's Society of Junior Accountants, and its purpose is to advance the interests of women in the profession of accountancy and to work with the American Woman's Society to that end.

Members will be drawn from women actively employed in some branch of accounting or who are students of accounting, with provision for associate membership of those who are interested in accounting and have a knowledge of the subject, but who are not actively employed in the profession, and who are not certified public accountants.

No formal organization was authorized, but it was decided to form two experimental groups—one in Chicago and one in Indianapolis—subsequent permanent organization to be based on the experience thus gained.

### Lester Herrick

Lester Herrick, of San Francisco, member of the American Institute of Accountants for almost 30 years, died on May 2nd. Mr. Herrick was one of the pioneers in the profession of accountancy in the state of California, one who contributed much to its development and to the maintenance of its high standards.

His first office, opened in 1898, was located in the Parrott building, which was one of the landmarks of San Francisco, its stones having been transported from China in the early fifties.

When the California State Accountancy act was passed in 1901 Mr. Herrick received one of the four honorary certificates issued to "expert accountants" in San Francisco. In 1904 he moved his offices to the new Merchants Exchange building which was then the "show place" of California street.

In 1906, after the earthquake and fire, he was made controller of the finance committee of the San Francisco Relief and Red Cross Funds, a position which he occupied until the work of the committee was completed.

His next downtown office was in a sheet-iron shack on Pine street, where the San Francisco Stock Exchange now stands. In 1908 the Merchants Exchange building was restored and Mr. Herrick returned to his former offices. In 1904 he was appointed a member of the California State Board of Accountancy. He was a member of the American Institute of Accountants and a charter member of the California State Society of Certified Public Accountants.

Mr. Herrick was a brother of Anson Herrick, vice-president of the American Institute.

### Lloyd B. Smith

Lloyd B. Smith, of Dallas, Texas, partner in the firm of Smith, Prince & Harris, died April 9th, at the age of 61. Born at Bonham, Texas, Mr. Smith went to Dallas as a child and received his education in public and private schools of that city. After a brief experience in insurance and banking, he helped to set up the accounting firm of Hutchinson & Smith in 1906. In 1925 the firm name was changed to Smith, Prince & Harris. Mr. Smith was appointed to the State Board of Public Accountancy of Texas in 1919, and remained on the board until 1927. During seven years of this time he was chairman. He also served as president of the Texas Society of Certified Public Accountants. Mr. Smith had been a member of the American Institute of Accountants since 1916, and had served on a number of its committees, at one time being a member of council. At the time of his death, he was a member of the Institute's special committee on coöperation with credit men.

### E. O. Whealler

E. O. Whealler, of Cornelia, Ga., died April 14th, at the age of 66. A native of Croydon, England, Mr. Whealler had been a resident of Georgia for the past 35 years. He was at one time associated with the late Joel Hunter, and later was with the firm of William H. James and Associates, of Atlanta, Ga. At the time of his death, Mr. Whealler was practising under his own name. He was a certified public accountant of Georgia and a member of the Georgia Society of Certified Public Accountants. Mr. Whealler had been a member of the American Institute and its predecessor since 1914.



## Questionnaire on Society Program of Activities

In the February issue of *The Connecticut C.P.A.* there appeared a list of three questions, on which members of the Connecticut Society of Certified Public Accountants were invited to submit ideas. Charles F. Coates, in the March issue of that bulletin, gave the following answers:

1. *What can the society do to gain the confidence of the business public of Connecticut?*

Each member must conduct himself as a professional accountant and, if he does, he will hold other practitioners in high esteem. He will spring to their defense when he hears criticism against them. He will realize that they are fellow practitioners and, as far as the Connecticut Society is concerned, are working for the common cause of accomplishing what is good for the profession. He will not criticize other accountants himself without just cause. He will treat fellow practitioners as his friends and will not hold unwarranted grudges because of differences of opinion or surmised wrongs. His actions will not be governed solely by monetary returns. He will realize that individuals come and go and it is only the good that comes from their work that leaves its imprint on the world and if that work is good, it makes no real difference what individual performed it. He will not covet and try by all his efforts to take away the practice of other accountants. He will build up his own practice by high-grade service and every assignment will receive the best attention of which he is capable. If a practitioner is not a professional man, he cannot expect to gain or merit the confidence of the business public. The society can be helpful in so educating its members.

2. *What can the society do to better serve the interests of the individual member?*

It can carry on the work it has already undertaken; it can educate its members in proven best methods of conducting practice; it can guide young accountants and encourage the development of professional practice. It can jealously guard the rights of the certified public accountant and, as an organization, protect any infringements of such rights by any one or any organization. It can be active in supporting the best interests of accounting practitioners and not continually follow a program of watchful waiting when the crying need of the best interests of its members is for prompt and effective action.

3. *What is the society doing that should not be done?*

It should not continue its present policy of making no attempt to regain lost members. If the work of the society is to be most effective, it must have funds. No practitioner is entitled to enjoy the benefits of accomplishments by his professional society and not contribute, either in money or time, in support of such a program. Many former members might be restored to membership if a concession were made with respect to accumulated dues which were the basis for their being dropped from membership. Individual members should not be singled out and offered concessions to be restored as members, but any proposition of this character should be offered to all who have been dropped from membership because of nonpayment of dues. A spirit of fairness should prevail in this respect and we should not permit ourselves to be swerved from our purpose by any feeling that certain former members should be restored to membership because of a feeling that they may be particularly useful to the society or to some of its members.

## Telephone Listings

In response to a request in the April issue of this bulletin, the Institute has received information regarding the arrangements for listing of certified public accountants in the telephone directories of two more communities.

### LOUISVILLE

Kenneth White, president of the Kentucky Society of Certified Public Accountants, in a letter to the Southern Bell Telephone and Telegraph Co., suggested that, if all accountants must continue to be listed in the Louisville directory under the general heading "Accountants," the following two sub-heads be used:

**CERTIFIED PUBLIC ACCOUNTANTS**—listing thereunder all individuals and firms practising under that title.

**PUBLIC ACCOUNTANTS**—listing thereunder all other practitioners of accountancy who are not by law entitled to the designation created by law.

The telephone company's reply indicated that a certified public accountant might elect to take his free classification under either of the headings, "Accountants" or "Accountants—certified public," and that anyone so desiring might, by individual request, have his free classification changed. The company further stated that a check on other directories had revealed the same arrangement in Boston, Chicago, Cincinnati, Cleveland, and St. Louis. The Kentucky Society has persuaded a number of its members to choose the "certified public accountant" classification.

### ROCKFORD

In order to eliminate heavy-type and other unusual telephone listings, the

Professional Accountants Association of Rockford, Ill., according to information sent by Wayne E. Pollard, president, recently adopted the following resolution:

"Be it resolved, and hereby agreed, that the members of this group shall have telephone, city, and similar directory classifications of a uniform standard, to be in small face type, and that the listings of each accountant or firm shall be restricted to not more than two headings or classifications within the said directory."

As a result of this resolution, in the next issue of the local directory the listing of practically all public accountants of the community will be in the prescribed form.

## Natural Business Year

The following open letter was published by the Pennsylvania Institute of Certified Public Accountants as a supplement to the March issue of *The Spokesman*:

"TO THE BUSINESS EXECUTIVE, HIS BANKER, HIS ATTORNEY, AND HIS ACCOUNTANT—

"GENTLEMEN:

"Much of your thought and energy during the past three months necessarily has been given to the determining of your liability for taxes and the preparation of annual reports of various kinds.

"If this period happens at the same time to be your 'busy season,' then it is evident that you must have neglected opportunities for constructively planning your own business progress.

"Why not join the executives who in increasing numbers are adopting their 'natural business years' as their accounting periods? In so doing, they are keeping themselves free, as are their wide-awake competitors, to give their time when most needed for solving

their own business problems, and are returning to the sound business habit which generally prevailed in the United States until 1909.

"In that year, a Federal corporate tax law was passed, one of its requirements being that all corporations shift from the prevailing natural fiscal year basis of accounting to a calendar year system. There was protest against this change, and the requirement no longer exists. In fact, subsequent Federal income tax laws have been so drafted that there is no penalty on the use of a natural closing date.

"But unfortunately a large majority of companies still adhere to the arbitrary calendar year, the shift to which so many executives opposed in 1909.

"From the standpoint of good management and business efficiency, every company should keep its accounts on its natural fiscal year basis. This year for any enterprise is the period of twelve consecutive months which ends when the activities of that enterprise have reached the lowest point in their annual cycle. In other words, the year should end when the slow season comes around.

"Financial statements prepared at that date will show the company's condition at the time of year when it is most liquid, inventories and liabilities being low, with cash ordinarily higher than normal. At such a time inventories are taken more accurately with less cost. The financial statements will present the results of the operations of one twelve-month cycle, instead of the results of part of one cycle and part of another; and a sounder basis is thereby established for comparisons, for accurate cost finding, and for the determination of future policies.

"The Pennsylvania Institute of Certified Public Accountants is cooperating with the Natural Business Year Council in its efforts to interest management in the advantages of the natural fiscal year. Investigation will reveal to any executive the natural fiscal year for his company and for his industry.

"The Institute urges you to consider this matter most seriously and will welcome inquiries. Printed information is available for the asking.

Very truly yours,  
JOHN C. PARRY, JR.  
*President*  
PAUL W. PINKERTON  
*Chairman, Committee on  
Natural Business Year"*

### Allocation of Income between States

[We gladly publish the following letter, at the request of the writer, in an effort to enlist the cooperation of members of the Institute, and other readers of THE CERTIFIED PUBLIC ACCOUNTANT, in a commendable effort to solve a major problem of taxation of corporations by the states.—*Editor.*]

*Editor,* THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: The Honorable Simeon E. Leland, president of the National Tax Association, has appointed me chairman of the association's committee on allocation of income. Among the duties assigned to the committee are "not only the problems of allocation for state income taxation, but also the general problems of allocation as they arise under the property tax, special taxes upon intangibles, the corporate excess, franchise and similar imposts."

The program thus assigned to the committee is a heavy one and it has been decided to take up the most important problem first, namely, a uniform formula for allocation of income between the states. Needless to say, this problem concerns itself with the devising of a formula which all states can adopt and sundry problems arising in connection with this one, but these others need not concern us now.

The success of our endeavors will depend largely on the devising of a formula which will be fair alike to the states and to the taxpayers. Today, corporations which do business in a

number of states often must pay taxes based on more than 100 per cent. of their income because of the fact that the various states have formulae which require allocation in such a way that each state will get a lion's share of the corporation's income, without regard to what is required by any other state in which the corporation does business. Not only is this true because the formulae differ due to the factors to be used as a basis for allocation, but also because, in many instances, one-sided rules are laid down as to what shall constitute or make up the elements of the factors to be allocated to the particular state. Therefore, as I have said, not only do corporations find themselves faced with paying state taxes on much more than 100 per cent. of their income, but there is also much wasted effort on their part in obtaining a different set of figures for each state to which the corporation may be required to report. If only one formula were in use by the several states, the corporation could be assured of paying taxes only on approximately 100 per cent. of its income and it would have to prepare only one set of figures in order to determine the allocation factors to be used in returns to the various states. Further, I believe that in time tax avoidance because of the tendency to shift income to a state which has a favorable allocating formula will be eliminated. Of course, to a great extent, this will depend on the adoption by most, if not all, of the states, of an income tax or a franchise tax measured by income.

With these problems in mind, I feel that the only way to succeed is to approach the problem wholly impartially, to set aside, as far as possible, any preconceived notions, and to attempt to find a common meeting ground for the taxpayers and the tax assessors. It is

here that accountants can be of great help to the committee. I realize this very much myself because I am an accountant. We are inclined too often to stay in the background and let persons who are less informed than we deal with problems which are essentially our own.

In order to find this meeting ground of taxpayers and of tax administrators, the committee has decided to obtain the views of the tax commissioners of the various states and of corporations which do business in several states. It has been called to my attention, however, that we may find difficulty in obtaining the views of the corporate taxpayers because they feel that, since some of the members of our committee are tax administrators and since the National Tax Association membership consists in great part of tax administrators, any opinions that might be expressed by them might in some way be used against them. Frankly, I think that such fears are ill founded and that because of this suspicion of tax administrators much progress that could otherwise be made is hindered. I think it is here that the accountants, and especially the members of the Institute, can be of great help. I should like to obtain from them their views on (1) a fair formula for allocating income, which formula can be adopted by all the states; (2) which factors in the formula should be stressed and why; (3) the experience of clients, without, of course, disclosing names or figures; and (4) the percentages of income on which, in the aggregate, taxes are now being paid to the various states by their clients. . . .

Yours truly,

LEO MATTERS DORF, *Chairman*

Committee on Allocation of Income,

National Tax Association

April 18, 1938

## **Massachusetts Educational Meeting**

The award of an Elijah Watt Sells medal for excellence in the Institute's examinations was a feature of the annual educational meeting of the Massachusetts Society of Certified Public Accountants, April 25th. The award was made by the secretary of the American Institute of Accountants.

Arthur W. Yardley, president of the Massachusetts Society, opened the meeting, following a dinner at the University Club, Boston, but asked Harold A. Mock, chairman of the society's education committee, to act as toastmaster. Mr. Mock called on George T. Finnegan, chairman of the Massachusetts Board of Registration of Certified Public Accountants, who presented a brief report of the results of the C.P.A. examinations for the past year and an analysis of the background of the candidates. He also mentioned one or two administrative problems which were having the consideration of the board.

Stanley G. H. Fitch, past president of the Massachusetts Society, then presented medals to the two candidates who obtained the highest grades in the Massachusetts C.P.A. examinations for November, 1937: Robert W. Cherry and Winthrop Newcomb.

John L. Carey, secretary of the Institute, was then introduced and after a brief talk on recent developments in accountancy education presented to Mr. Cherry the Elijah Watt Sells silver medal for second place in the examinations of the American Institute of Accountants among the 1,300 candidates in 40 coöperating states and territories at the November, 1937, sessions. He also extended congratulations to Mr. Newcomb who had received honorable mention for obtaining the third highest grades of all the

candidates in states and territories coöperating with the Institute.

Professor Thomas H. Sanders, of Harvard University, was elected at this meeting an honorary member of the Massachusetts Society. Professor Sanders had expected to address the meeting on "The accountant's place in an industrial society," but was prevented from attending by illness.

## **Warning**

In the February issue of *THE CERTIFIED PUBLIC ACCOUNTANT* reference was made to an advertisement published by the Florida Institute of Accountants warning the public against unaccredited persons representing themselves as "Federal income-tax experts" or "tax counselors," and requesting taxpayers to report the names and addresses of any person or persons soliciting Federal income-tax work or auditing engagements. The Indiana Association and the Georgia and Texas Societies of certified public accountants have now taken similar action.

## **Accounting Library**

In January of this year, the Maryland Association of Certified Public Accountants issued a second revised edition of its catalog of books. This 40-page pamphlet was prepared by the Enoch Pratt Free Library of Baltimore, custodian of the association's collection. In 1932 the association entered into an agreement with the library which provided that the funds appropriated by the association for the purchase of books of general interest to its membership would be paid to the library and expended by it in the purchase of books recommended from time to time by the association. Under this arrangement, a comprehensive collection of more than 200 volumes has been accumulated.

## Meetings and Elections

### California State Society of C.P.A.'s Los Angeles Chapter

*Date:* April 11, 1938.

*Subject:* "The Bureau of Internal Revenue — what happens to your tax return — a step toward decentralization."

*Speakers:* Alva Baird, general counsel's representative for the Los Angeles division of the technical staff of the Bureau of Internal Revenue.

### Society of Louisiana C.P.A.'s

*Date:* April 21, 1938.

*Place:* New Orleans.

*Speakers:* Cuthbert S. Baldwin, president of the New Orleans Bar Association, on relations of the professions.

Colonel Arthur H. Carter, former vice-president of the American Institute of Accountants, on raising accountancy standards.

*Elections:* President—Edw. S. Rittler, of New Orleans.

Vice-president—Lucien J. Moret, of New Orleans.

Secretary—George A. Treadwell, of New Orleans. (Mr. Treadwell was elected secretary for the seventeenth consecutive time.)

Treasurer—John A. Peyroux, Jr., of New Orleans.

Additional members of the executive board—Meyer Barton, George E. Conroy, Harry J. Williams, and Frank Youngman, all of New Orleans.

### Maryland Association of C.P.A.'s

*Date:* April 12, 1938.

*Place:* Baltimore.

*Nominations of officers for the ensuing year* (to be elected at the annual meeting in June):

President—James L. Benson, of Baltimore.

Vice-president—John L. McKewen, of Baltimore.

Secretary—J. Elwood Armstrong, Jr., of Baltimore.

Treasurer—Carroll F. Davis, of Baltimore.

Auditor—H. Cleveland Logue, of Baltimore.

Directors at large: Harvey T. Casbarian, of College Park; Julian A. Jenkel, of Baltimore; Julius S. Levy, of Baltimore; F. Earl Reuwer, of Baltimore.

### Michigan Association of C.P.A.'s

*Date:* April 14, 1938.

*Place:* Detroit.

*Subject of discussion:* *A Statement of Accounting Principles*, recently published by the American Institute of Accountants.

*Discussion leaders:* Edward J. Barr, of Detroit; Robert P. Briggs, of Ann Arbor; Carden S. Shekell, of Detroit; Mervyn B. Walsh, of Detroit.

### New Jersey Society of C.P.A.'s

*Date:* April 21, 1938.

*Place:* Newark.

*Subject:* "The use of words in the preparation of wills and trust agreements—will it be minimum or maximum taxation?"

*Speaker:* Leslie G. McDouall, vice-president and trust officer of Fidelity Union Trust Company, Newark, N. J.

### New York State Society of C.P.A.'s

*Date:* April 11, 1938.

*Place:* New York.

*Subject:* "Monthly audits."

Papers presented: "Monthly audits—administration, working papers and reports," by Sidney B. Kahn, of New York City.

"Special features of monthly audits," by Joseph Sandler, of New York City.

"The present-day scope of monthly audits," by Lawrence J. Seidman, of New York City.

**New York State Society of C.P.A.'s**

*Date:* May 9, 1938. Annual meeting.

*Place:* New York.

*Subject:* "Present labor situation."

*Speaker:* Edward S. Cowdrick, consultant in industrial relations.

*Elections:* President—Morris C. Troper, of New York City.

First vice-president—Victor H. Stempf, of New York City.

Second vice-president—A. S. Fedde, of New York City.

Secretary—G. Charles Hurdman, of White Plains.

Treasurer—Archie F. Reeve, of New York City.

**Pennsylvania Institute of C.P.A.'s**

Philadelphia Chapter

*Date:* March 24, 1938.

*Speaker:* Robert E. Freer, of the Federal Trade Commission.

*Subject:* Robinson-Patman act.

**Washington Society of C.P.A.'s**

Seattle Chapter

*Date:* April 21, 1938.

*Speaker:* Professor William E. Cox, School of Business Administration, University of Washington, on "Accounting as a profession."

**Oregon State Society of C.P.A.'s**

*Date:* April 14, 1938. Joint meeting with the Robert Morris Associates.

*Place:* Portland.

*Speaker:* Miss Kathryn Gunnell, professional photographer.

*Subject:* "Oregon in all her glory." Illustrated by colored motion pictures of beauty and vacation sport in Oregon, including sports areas.

**Rhode Island Society of C.P.A.'s**

*Date:* April 19, 1938.

*Place:* Providence.

*Elections:* President—Albert E. Godfrey, of Providence.

Vice-president—Abraham Blackman, of Providence.

Secretary-Treasurer—William B. M. Miller, of Providence.

Directors—Mr. Godfrey, Mr. Blackman, Mr. Miller, Carl W. Christiansen, of Woonsocket, and Alfred P. Ward, of Providence, retiring president.

J. Chester Crandell, of Boston, spoke briefly on accountants' certificates. He then showed slides and colored photographs which he had made on a recent trip through the Northwest, West, and Southwest, and described the history and points of interest connected with each picture.

## Announcements

Chester P. Child announces the removal of his New York office to the National City Bldg., 17 East 42nd St., New York, N. Y.

P. L. Crawford & Co. announce the removal of their Chicago office to suite 901-903, 105 West Madison St.

Fedde & Company announce the removal of their offices to 107 William St., New York, N. Y.

Morris Goodman & Company announce a change in name to Goodman & Goodman, with offices at 31 Milk St., Boston, Mass.

B. H. Hughes and O. H. Maschek announce the formation of the partnership Hughes and Maschek, with offices in the San Jacinto Bldg., Beaumont, Texas.

Jacobson, Greenfeld & Co. announce the admission of Murray H. Levy as a member of the firm, and also announce the removal of their offices to 285 Madison Ave., New York, N. Y.

R. T. Lingley & Co. announce the removal of their offices to 41 Maiden Lane, New York, N. Y.

D. M. Livingston and C. Whitford McDowell announce the formation of the firm of Livingston, McDowell & Co., with offices in the Architects Bldg., 117 South 17th St., Philadelphia, Pa.

Charles Lumbard announces the removal of his office to 1315 California State Life Bldg., Sacramento, Calif.

J. Lynde-Lockwood, F.C.P.A., F.C.I.S., announces the removal of his office to 2<sup>nd</sup> Gante No. 7, Mexico, D. F.

George R. Poole announces the removal of his offices to 404-6 Capital Club Bldg., Raleigh, N. C.

Nelson O. Richardson, of Beaumont, Texas, announces that the partnership of Phelps, Maschek & Richardson was dissolved as of April 1, 1938. Each of the partners will continue practice individually. Mr. Phelps and Mr. Richardson will have offices at 618 American National Bank Bldg., Beaumont, and Mr. Maschek will be in the San Jacinto Bldg., Beaumont.

Leon Rosenberg announces the removal of his offices to 522 Fifth Ave., New York, N. Y.

The surviving partners of Smith, Prince & Harris, of Dallas, Texas, announce the continuation of the accountancy practice under the firm name of Prince, Harris & Co.

Donald M. Swift announces the opening of an office at 213 Jones Bldg., Corpus Christi, Texas.

Ashby S. Thatcher and Frederick W. Schwab announce the opening of offices for general practice under the firm name of Thatcher & Schwab, Mills Tower, San Francisco, Calif.

F. E. Welch & Company of Providence, R. I., announce that Allyn K. Suttell has been admitted as a member of the firm.

Frank A. Yindra announces the removal of his office to suite 218, Wood Block, Manitowoc, Wis.

John R. F. Cowan, of Tulsa, Okla., has been appointed a member of the committee on public health of the Tulsa Chamber of Commerce.





# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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JUNE 1938

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VOL. 18 · No. 6

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Nominations

Annual Meeting

Accountants in Public Service

Membership in State Societies

Mountain States Accounting Conference

Meetings and Elections

Announcements

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15¢ a Copy

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1938

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*Officers 1937-1938*

**AMERICAN INSTITUTE OF ACCOUNTANTS**

135 CEDAR STREET, NEW YORK CITY

<i>President</i> . . . . .	CLEM W. COLLINS
<i>Vice-presidents</i> . . . . .	WILLIAM C. HEATON, ANSON HERRICK
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<i>Secretary and Managing Editor</i> . . . . .	JOHN L. CAREY

# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## Membership in State Societies

THE executive committee of the American Institute of Accountants recommends that members and associates of the Institute who are not already members of state societies of certified public accountants apply for membership in the societies of their own states as soon as possible. Analysis shows that approximately 1,000 members and associates of the Institute are not affiliated with state societies, while approximately 3,000 state society members have not yet become members or associates of the national organization.

Successive presidents of the national organization have urged newly fledged certified public accountants to become members of the state groups even before applying to the national body. The rules of the board of examiners have been so amended that state society members applying for admission to the Institute are required to pay only \$10 as an entrance fee, while others are required to pay \$25.

This year the Institute has formed a committee on membership, consisting of a member of the Institute in each of about 125 cities. Each committee member was appointed by the president of the Institute on the recommendation of the president of the member's state society. The practical result is a committee representing both state and national organizations. It is hoped that its activities will increase the membership of both groups.

In letters mailed regularly from the Institute's offices to persons who have just acquired C.P.A. certificates, definite recommendation is made that the recipient apply for membership in his state society, and the name and address of its secretary is included in the letter. Information about the activities of the national body and its requirements for membership are also included.

The advantages of membership in both state and national groups might be more apparent if one tried to imagine the nonexistence of either or both. The work of these organizations is of immediate practical value to every certified public accountant.

# Accountancy and the Young Man

## *A Radio Broadcast*

### PARTICIPANTS

CLEM W. COLLINS—President of the American Institute of Accountants

LOUIS CHIAPPINI—A Student at the University of Denver

ANNOUNCER: President Roosevelt, in a letter to the American Institute of Accountants on the occasion of its fiftieth anniversary celebration last October, said that a certified public accountant has "one of the most responsible and trusted positions in the world." Our President thus paid tribute to a profession about which we are to hear something today, a profession which is basically necessary and important in the management of business and industry, and which ranks with marketing and production as a factor in the success or failure of any business.

Today, Clem W. Collins, of our own city of Denver, long distinguished in its public life, a practising certified public accountant, now president of the American Institute of Accountants and the honored dean of the School of Commerce, Accounts, and Finance of the University of Denver, will tell us something about accounting as a profession. He will take part in a dialogue with Louis Chiappini, a student at the University, who wants to know in plain English if and why accounting is a good field of opportunity for a young man. The first voice you will hear is that of Student Louis Chiappini, who is a member of the senior class at the University of Denver School of Commerce.

STUDENT: Dean Collins, I want to congratulate you for being elected president of the American Institute of Accountants. Students at the University of Denver School of Commerce are naturally proud to have their dean receive such a high office.

MR. COLLINS: Thank you, Louis.

STUDENT: Dean Collins, I am majoring in accounting, as you know, and I should like to ask you a few questions about accounting as a profession.

MR. COLLINS: Go ahead.

STUDENT: Do you advise young men to become certified public accountants?

MR. COLLINS: I do, Louis. But, it is important to consider what type of student I am advising. Accounting is a great profession, and worthy of the mettle of any man, but it requires men of the right type.

STUDENT: What *is* the right type of man?

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NOTE.—Broadcast from station KOA, Denver, Colo., January 11, 1938.

MR. COLLINS: I believe the right man is the chap who thinks straight, respects facts, likes mathematics, has a good understanding of economics and business management, enjoys a wide cultural background, has the professional attitude and, in addition to all of these, has imagination.

STUDENT: Then you think a man preparing for accountancy should take broad cultural courses to help him in his work later on?

MR. COLLINS: Isn't it true, Louis, that in any professional work today, be it law, medicine, engineering, *or* accounting, the well educated man is, in the long run, the successful man?

STUDENT: That's true, Dean Collins. What kind of man do you think an accountant ought to be?

MR. COLLINS: He should have a professional attitude. By that I mean that he should have a high sense of his standing and responsibility as a professional man; should revere his profession and serve it in every way.

STUDENT: Do you consider membership in the state society of certified public accountants important?

MR. COLLINS: Yes, and also in the national professional society—the American Institute of Accountants. Such membership gives the accountant the opportunity to serve his profession, and when he serves his profession he serves himself.

STUDENT: After a student has prepared himself, how does he become a certified public accountant?

MR. COLLINS: That depends upon the state in which he lives. The laws of the states vary, but they all point to a high standard of professional knowledge and experience.

STUDENT: Well, could I become a certified public accountant immediately upon graduation from college?

MR. COLLINS: No. You'll have to meet certain minimum requirements as to experience in public practice, usually with a firm of public accountants, and to meet requirements in some states as to minimum attendance at recognized accounting schools.

STUDENT: I see. What is the range of educational requirements in the various states, Dean Collins?

MR. COLLINS: They range from a high-school education and certain minimum practice experience in some states to the highest educational requirement in other states. For example, in New York since January 1st of this year, a college degree based on the study of accounting as a major subject in a school recognized by the state educational authorities has been a requirement. If a graduate did not major in accounting, he must take post-graduate studies in accounting before he can qualify for examination.

STUDENT: What requirements must a man meet in the state of Colorado if he wishes to become a certified public accountant?

MR. COLLINS: Well, he has to be twenty-three years of age, a citizen of the United States, and a resident of Colorado. After that, come these steps: The applicant for the C.P.A. certificate must have completed a four-year high-school course or its equivalent, and must meet the *professional* requirement.

STUDENT: What is the professional requirement?

MR. COLLINS: The law in Colorado requires that the applicant must have had, in addition to the educational requirement, at least five years' accounting experience in public practice.

STUDENT: Do you mean that after I have finished college I will have to wait five years before I can become a certified public accountant?

MR. COLLINS: Well, there is one exception. For two of the required five years of public practice, the applicant may submit evidence of sufficient technical education in accountancy. The state board of examiners pass upon the adequacy of the two years of technical education, but under their present rules it must be the equivalent of a four-year course in a recognized school of commerce, with a major in accounting. In your case you will have to wait but three years.

STUDENT: Thank you, Dean Collins, for this direct information. There is another important question I would like to ask you. Are the financial rewards in the field of accountancy attractive?

MR. COLLINS: The statistics available show incomes in accountancy compare favorably with those of other professions. The average earning levels are satisfactory in every way. Few of us become tycoons, as many of our very rich men are called, but we receive good incomes. There are other rewards, too.

STUDENT: What are those rewards, Sir?

MR. COLLINS: Well, the work is interesting and often exciting. We work with important men, the leaders in business, men who are doing things, making plans and carrying them through. Accountants know from the very start of their careers that upon their efforts depend, in many cases, the well-being of business which other men have worked hard to build. They know their work is necessary, vital. These are among the rewards I have in mind.

STUDENT: What would you say is the top rung of accounting success, Dean Collins?

MR. COLLINS: There are several rungs at the top of the ladder, Louis. A man could aspire to become a partner in a successful firm of certified public accountants, or to found such a firm for himself. He might aspire to become a skillful and well paid senior staff accountant, or a supervisor or manager with a successful firm.

STUDENT: Are there any other top rungs?

MR. COLLINS: Yes, he might, through his good work, trustworthiness, and knowledge of a client's affairs, become an executive in that client's organization. Also, he might be called to public office, where he could serve both business and the public in an honorable and important way.

STUDENT: I am thinking of another top rung, Dean Collins.

MR. COLLINS: What is that, Louis?

STUDENT: Our certified public accountant might aspire to become a teacher and the head of a great business school, as *you* have done.

MR. COLLINS: That is a good thought, and you are right. There's quite a future for the young certified public accountant who takes advantage of his opportunities and plans for his future.

STUDENT: If a young man enters the employ of a firm of public accountants, does he go upward according to a definite plan, through regularly defined positions or grades?

MR. COLLINS: In the cases of the larger firms, usually yes. First he becomes a junior staff assistant, then a senior staff assistant, next a senior staff accountant, and following this he may become a supervisor, manager, or partner. In the smaller firms there are fewer grades, but the same general procedure.

STUDENT: Do you think the present educational standards of the various states are going to be raised, Dean Collins?

MR. COLLINS: Undoubtedly. As the years go on, it will become more and more difficult to become a certified public accountant.

STUDENT: It should be difficult, should it not?

MR. COLLINS: Considering the growing importance of accountancy in business and public affairs, we certainly must always safeguard the profession, we should make sure that only qualified men enter its ranks.

STUDENT: Dean Collins, on every hand we see evidence of the professional importance of the doctor, the lawyer, and the engineer. What evidence do we have of the service of the accounting society?

MR. COLLINS: Those evidences are on every hand, Louis. Every successful large business implies the work of good accountants. The conservation of the invested savings of both rich and poor depends largely on the accountant. Also, accounting is the basis of the administration of the social-security laws and for the administration and operations of the Securities and Exchange Commission and other government activities. Where conservation or expenditure of funds, public or private, is concerned, the accountant is the professional man who shows and keeps the financial condition of the treasury in plain sight.

STUDENT: Dean Collins, the information you have given in this broadcast is certainly helpful to a man in choosing his career. You feel, don't you, that accounting is a profession worthy of any man who seeks an honorable and useful career?



MR. COLLINS: I do, Louis. And let me say in closing that the President of the United States, as quoted by our announcer, said that a certified public accountant has one of the most responsible positions in the world.

The President said something else in that letter. Shall I read it to you?

STUDENT: If you will, Dean Collins.

MR. COLLINS: The President also said this: "The development of natural resources, the exploitation of new fields of commerce, the increase of population, keener competition, higher standards of living and greater complexities of modern business, and innumerable other influences which are reflected in the industrial life of today, have brought about a condition where an effective accounting system is as essential to the continued life of a business as production and distribution." That is the President's estimate of accounting, of its responsibilities and opportunities. It is an accurate estimate of a great profession, which I am proud to represent on this occasion.

STUDENT: Thank you, Dean Collins, for this inspiring interview. It will stimulate and encourage me more than ever to pursue the profession of accounting.

# American Institute of Accountants

## Accountants in Public Service

The following letter, which is self-explanatory, was addressed by Clem W. Collins, president of the American Institute of Accountants, on May 16th to President Roosevelt:

THE PRESIDENT,  
THE WHITE HOUSE,  
WASHINGTON, D. C.

*Sir:* It has come to the attention of the American Institute of Accountants that the office of Comptroller General of the United States is vacant and that you will soon appoint someone to fill the position.

At the suggestion of our executive committee, I am taking the liberty of pointing out the desirability of selecting a comptroller general from within the ranks of certified public accountants of the United States.

The work of the comptroller general is primarily of an accounting nature, and it seems to us just as important that the person occupying that responsible office be trained in accounting as that judgeships be created from among men trained in the law.

I feel very strongly that for the Federal Government, the state, or a local unit of government to appoint or elect laymen to positions requiring professional accounting training and skill is to pervert the office and deprive the people of the protection they sought when the office was created.

Certified public accountants have won recognition as a profession in this country, and, as you yourself were kind enough to say on the occasion of this Institute's fiftieth anniversary last Fall, their work is recognized by the

business and financial community as being of the greatest importance.

We believe that the appointment of a certified public accountant to the post of comptroller general would be as welcome to the public at large as to our own profession.

I have the honor to remain,

Most respectfully yours,

CLEM W. COLLINS

## Mountain States Accounting Conference

Eight state accountancy bodies and the American Institute of Accountants coöperated in holding the Mountain States Accounting Conference at Salt Lake City on May 31st and June 1st. The meeting was devoted to discussion of a wide range of subjects of immediate concern to the accounting profession and the speakers included not only leading accountants, but also outstanding figures in government and kindred professions. Approximately 150 were registered and the attendance at some sessions was more than 200.

The state societies associated with the Institute in holding the conference were those in Arizona, California, Colorado, Idaho, Montana, New Mexico, Utah, and Wyoming. Professional accountants in the state of Nevada also participated.

Headquarters for the conference were at the Hotel Utah, and all sessions were held there. Lincoln G. Kelly, of Salt Lake City, past president of the Utah Association of Certified Public Accountants and a member of the

council of the Institute, served as general chairman. Frank A. Gale, assistant secretary of the Institute, assisted the general committee in making plans, and attended the conference.

The conference opened with a breakfast "get-together" on May 31st, and at 9:30 the first formal session convened, with Mr. Kelly presiding.

The Honorable John M. Wallace, Mayor of Salt Lake City, and C. I. Fox, president of the Utah Association of Certified Public Accountants, made addresses of welcome. Clem W. Collins, president of the American Institute of Accountants, then presented a special message to the conference.

The last item on the morning program was discussion of *A Statement of Accounting Principles*, recently published by the Institute. A statement by Anson Herrick, of San Francisco, vice-president of the Institute, was presented and J. A. Johnston, professor of accounting at the University of Utah, and J. Percy Goddard of Salt Lake City, contributed to the discussion.

At a conference luncheon beginning at 12:30 P.M., J. William Hope, president of the Connecticut Society of Certified Public Accountants, told of the recent campaign of his society to restrain the practice of competitive bidding and discussed the possibility of cooperation among the societies in eliminating the practice entirely. Several other presidents of state societies joined in the discussion.

During the afternoon there was a round-table session for discussion of problems of depletion, with Frank G. Short of California as leader. Different phases of the subject were discussed by J. D. Carr, engineer revenue agent, Colorado, William B. Finlay, of Montana, Lincoln G. Kelly, of Utah, Roscoe L. Thomas, of Montana, and Romelyn Warburton, of Utah.

An evening session at which Alan Grant Mann, of Utah, presided, was devoted to review of the Institute's recent conference on municipal accounting and finance at Chicago. George P. Ellis, of Illinois, chairman of the Institute's special committee on governmental accounting presented a summary of the conference. Subsequently, there was discussion by Stanley V. Davies, of Colorado, J. Percy Goddard, of Utah, Truman Joiner, of Idaho, B. F. Reeves, of Utah, William Z. Terry, of Utah, and Douglas N. Wilson, of Montana.

The first session on Wednesday, June 1st, was convened at 9:30 A.M. with J. B. Scholefield, of California, presiding. Norman L. McLaren, of California, discussed the provisions of the revenue act of 1938, which had just become law. O. M. Cordle, president of the Wyoming Society, made an address entitled "Preparation and presentation of information required in connection with Federal income-tax returns and related schedules." Carman G. Blough, chief accountant of the Securities and Exchange Commission, discussed accounting requirements under regulation of the S.E.C., and his address was followed by general discussion.

At noon the guests of the conference attended an organ recital in the famous Tabernacle of the Latter Day Saints.

On Wednesday afternoon there was a round-table discussion beginning at 2 P.M. and lasting until 3:45 P.M. devoted to accounting problems of seasonal manufacturing companies, with reference to the natural business year. Oscar R. Heppley, of Utah, served as leader and subtopics were discussed by the following: Roy G. Abbey, of Utah, J. R. Bachman, of Utah, Harold L. Child, of Utah, Robert M. Gane, of California, W. E. Hammond, of New Mexico, J. B. Scholefield, of California,

P. Leland Shreeve, of Utah, W. M. Trant, of Colorado, and Arthur J. Wood, of Utah.

The last event of the program was a banquet at 7:30 P.M. on Wednesday evening. Mr. Kelly served as toastmaster. Orval W. Adams, president of the American Bankers Association, and Clem W. Collins, president of the American Institute, were the principal speakers. There was dancing after adjournment of the banquet.

A special program was provided for the entertainment of ladies accompanying accountants to the conference. Among other things they were entertained at the country club, were escorted on drives about the city, and attended the conference banquet.

Many who were registered for the conference took advantage of an invitation of the Utah Copper Company to visit its open-cut mine at Bingham on Thursday. The guests were conducted around the mine on a special private railroad car.

### Accounting Library

The Memphis Chapter of the Tennessee Society of Certified Public Accountants and the Memphis Chapter of the National Association of Cost Accountants, through their combined efforts, have brought about the establishment of an accounting library in the Cossitt Library of Memphis, a public institution.

The Cossitt Library has agreed to match any funds provided by the two societies and to purchase books selected by the accountants. The books are to be the property of the Cossitt Library and will be available to the public.

Eighty-four volumes on accounting subjects have thus been added to those previously acquired by the Cossitt Library. A mimeographed catalog of the collection will soon be issued.

### Annual Meeting

Plans for the annual meeting of the Institute to be held in Cincinnati next fall are now rapidly taking shape. The dates will be September 26th through 29th.

The Ohio Society of Certified Public Accountants will be host to the Institute, and is collaborating with the national organization's committee on meetings in making all arrangements.

To meet a technicality of the by-laws, the meeting will be called for the third Tuesday of September, a statutory date, but immediately will be adjourned to reconvene a week later. This procedure was made necessary because The Netherland Plaza hotel, selected as headquarters, was not available either in the week of September or in the week of October in which Institute meetings customarily are held. The meeting will actually be held, therefore, from September 26 to 29, 1938, inclusive.

### HOTEL ACCOMMODATIONS

The Netherland Plaza hotel will serve as headquarters and the Institute will have exclusive use of its facilities for meetings during the period. It is expected that the majority of members will take accommodations there, though tentative reservations have been made at several other hotels conveniently situated. Room rates which will prevail will be announced in a later issue.

### PROGRAM

The program as tentatively planned in broad outline will be as follows:

#### *September 26th*

On this day the council of the Institute will hold its usual meeting preceding the annual meeting. The Advisory Council of State Society Presidents also will meet on this day and

there will be a meeting of state accountancy examiners, following the custom of many years' standing.

#### September 27th

The first general session will be held on the morning of this day. The president will make his annual address, and the council will report to the membership. It is also planned that there shall be an address on the subject, "Inconsistencies in accounting requirements of states and Federal regulatory bodies." The speaker has not yet been definitely selected.

Two simultaneous round-table discussions will be held during Tuesday afternoon. One will have as its subject problems arising in auditing the accounts of building-and-loan associations, while the other will deal with problems of practice under the Securities and Exchange Commission. It is expected that members of the Institute's committees and governmental agencies which are concerned with these two subjects will be available to participate in the discussion.

In the evening there will be a reception, followed by a dinner dance.

#### September 28th

There will be no general session on Wednesday, September 28th, the whole day being devoted to recreation, except that there will be three round-table sessions for those who care to attend. Accountants' certificates, the 1938 revenue act, and another subject yet to be selected will be discussed.

#### September 29th

There will be a brief business session on Thursday morning for the election of officers and the selection of the 1939 meeting place, and then the rest of the morning and afternoon will be devoted to addresses and discussion on the subject of *A statement of accounting*

*principles*, recently published by the Institute. It is hoped at this session to have prepared discussion by ten or more members representative of different fields of practice and varying points of view.

On Thursday evening the annual banquet will be held with two or more outstanding speakers and a program of entertainment.

#### REGISTRATION

The registration fees have been tentatively fixed at \$8 for men and \$6 for ladies. This does not cover entrance in the golf or tennis tournaments, but does include all other regular events on the program, both business and entertainment.

#### GOLF AND TENNIS

The annual tournament in which teams representing state societies compete for possession of the Missouri golf trophy will be held, according to present plans, at Kenwood, the scene of the National Open some years ago. The fee to be charged and the rules covering competition will be published in a subsequent issue. If sufficient interest is shown there will be competition for the Missouri tennis trophy and if possible the committee will arrange for exhibition matches.

#### BUSINESS MACHINES EXHIBIT

The committee on meetings is arranging an exhibit by leading manufacturers of business machines similar to that held in conjunction with the fiftieth anniversary of the Institute in 1938.

#### COMMITTEES

The following are the members of the Institute's committee on meetings:

Abner J. Starr, *chairman*

J. D. Cloud  
 John D. Cherrington  
 Richard C. Kennedy  
 Ernest A. Roden

The following subcommittees of the Ohio Society of Certified Public Accountants have been appointed:

- Registration—E. A. Vogeles, *chairman*.
- Reception—Fred C. Dennis, *chairman*.
- Technical sessions—Jacob B. Taylor, *chairman*.
- Printing programs and invitations—J. D. Cloud, *chairman*.
- Local transportation—Frederick G. Fielman, *chairman*.
- Banquet and entertainment—Fred W. Fuller, *chairman*.
- Banquet seating—Oliver W. Seifert, *chairman*.
- Golf—Frank G. Schaefer, *chairman*.
- Tennis—John Leslie Brown, *chairman*.
- Ladies—C. E. Reinhardt, *chairman*.

### Competitive Bidding

The following is quoted from the minutes of a recent meeting of the board of trustees, Georgia Society of Certified Public Accountants:

“Chairman Ives read extracts from THE CERTIFIED PUBLIC ACCOUNTANT concerning the rules adopted by the Connecticut Society on competitive bidding.

“Motion was passed that no member of the Georgia Society of Certified Public Accountants shall make a competitive lump sum or limit bid on municipal audits in any city or county in which the society has at present a chapter—namely, Atlanta (Fulton), Savannah (Chatham), Macon (Bibb), Augusta (Richmond), Columbus (Muscogee).

“Motion was passed that the secretary write the Connecticut Society, advising them that the action taken by the Georgia Society is a direct result of their rules.”

### Nominations

In accordance with the plan adopted as an amendment to the by-laws in February, 1936, members of the Institute in five states are being asked to suggest members for nomination for membership on the council of the Institute for terms beginning in the fiscal year 1938–1939. The committee on nominations will make its selections on the basis of suggestions received, and the names of the nominees will be announced prior to the annual meeting. The elections will be held on the last day of the annual meeting at Cincinnati in the week of September 26th.

The states which are deemed by the committee on nominations to be entitled to representation on the council next year are as follows:

- Massachusetts—one member
- New York—three members
- Ohio—one member
- Oregon—one member
- Pennsylvania—one member

Following is the circular letter sent by the committee to members in these states on May 17th:

TO MEMBERS OF THE AMERICAN INSTITUTE OF ACCOUNTANTS:

*Gentlemen:* Under an amendment to article XI, section 1 (a) of the by-laws of the American Institute of Accountants effective February 10, 1936, the committee on nominations is required to send to members of the Institute, in states from which, in the opinion of the committee, members of council should be elected, a questionnaire requesting the names of members resident in the state concerned who are regarded as desirable candidates for election to the council.

This letter and the attached questionnaire are submitted in accordance with that provision, and it is requested that you respond within 30 days.

After a careful study of the existing personnel of council, your committee on nominations has concluded that the following states appear to be entitled to representation on the council:

For term of five years:

Massachusetts—one member of council

New York—three members of council

Ohio—one member of council

Oregon—one member of council

Pennsylvania—one member of council

The provisions of the by-laws, together with certain precedents which have been enforced through the years, determine to some extent who may be elected to the council:

- (a) Of the 35 elected members of council there shall be not more than six from any one state.
- (b) A member proposed for election to council must be in public accounting practice at the time of nomination.
- (c) It has always been regarded as desirable that there should be not more than two members of council from any one firm.
- (d) It has also been regarded as desirable that no member of council who has served a full

term should be re-elected to succeed himself for another full term.

For your convenience we enclose herewith a list of the present membership of council, and a chart showing the extent to which the several states have been represented since formation of the Institute.

We trust that you will give careful consideration to this matter and will return your suggestions as soon as convenient. If the attached questionnaire does not permit full expression of your views, the committee would be glad to receive a letter.

Yours truly,

COMMITTEE ON NOMINATIONS

- Charles B. Couchman, *New York*
- Lincoln G. Kelly, *Utah*
- T. Coleman Andrews, *Virginia*
- Stanley G. H. Fitch, *Massachusetts*
- J. William Hope, *Connecticut*
- William D. Morrison, *Colorado*
- Edward B. Wilcox, *Illinois*

The statistical data and list of present council members accompanying the letter are reproduced on pages 13 and 14 of this issue. The questionnaire which the members were asked to return is as follows:

TO COMMITTEE ON NOMINATIONS  
AMERICAN INSTITUTE OF ACCOUNTANTS  
135 CEDAR STREET, NEW YORK, N. Y.

Gentlemen: I propose the following member (or members) of the Institute resident in my state for nomination for membership of council:

.....  
.....

My reasons for this suggestion are as follows:

.....  
.....

Yours truly,

Signed .....

Date..... State.....

PERCENTAGE OF MEMBERS AND COUNCIL MEMBERS TO TOTALS

TERRITORY	1917-1936 AVERAGE PER CENT OF TOTAL				1937-1938 AVERAGE PER CENT OF TOTAL			
	In District Members	Council	In United Members	States Council	In District Members	Council	In United Members	States Council
<i>New England States:</i>								
Maine.....	2.08	—	.18	—	3.18	—	.26	—
New Hampshire.....	.98	—	.09	—	3.33	—	.27	—
Vermont.....	.43	—	.04	—	3.95	—	.08	—
Massachusetts.....	76.03	73.59	6.67	6.57	69.57	66.67	5.62	5.15
Connecticut.....	10.71	12.46	.94	1.11	15.82	33.33	1.28	2.56
Rhode Island.....	9.77	13.95	.85	1.25	7.14	—	.57	—
	<u>100.00</u>	<u>100.00</u>	<u>8.77</u>	<u>8.93</u>	<u>100.00</u>	<u>100.00</u>	<u>8.08</u>	<u>7.71</u>
<i>Middle Atlantic States:</i>								
New York.....	70.28	50.14	32.10	18.81	64.10	46.67	26.46	17.94
New Jersey.....	4.68	14.12	2.14	5.30	5.28	13.33	2.18	5.15
Pennsylvania.....	17.05	17.87	7.79	6.70	17.32	23.33	7.15	8.97
Delaware.....	.42	2.26	.19	.85	.59	—	.25	—
Maryland.....	3.75	7.84	1.71	2.94	3.26	3.33	1.35	1.28
Virginia.....	2.04	5.93	.93	2.23	2.98	6.67	1.23	2.56
West Virginia.....	.141	—	.19	—	1.37	—	.56	—
District of Columbia.....	1.37	1.84	.63	.69	5.10	6.67	2.11	2.56
	<u>100.00</u>	<u>100.00</u>	<u>45.68</u>	<u>37.52</u>	<u>100.00</u>	<u>100.00</u>	<u>41.29</u>	<u>38.46</u>
<i>Southern States:</i>								
North Carolina.....	5.26	—	.47	—	6.64	—	.83	—
South Carolina.....	1.23	—	.11	—	2.05	—	.26	—
Georgia.....	12.17	10.17	1.08	1.40	10.21	18.18	1.28	2.56
Florida.....	8.35	16.12	.74	2.23	8.38	18.18	1.05	2.56
Alabama.....	3.86	4.03	.34	.56	4.19	—	.53	—
Mississippi.....	1.86	8.06	.17	1.11	3.37	—	.42	—
Louisiana.....	14.99	14.21	1.33	1.96	11.86	18.18	1.49	2.56
Texas.....	24.54	22.08	2.19	3.04	24.55	18.18	3.08	2.56
Oklahoma.....	6.45	2.11	.57	.29	12.79	18.18	1.61	2.56
Arkansas.....	6.30	7.10	.56	.98	4.50	—	.56	—
Tennessee.....	14.99	16.12	1.34	2.23	11.46	9.10	1.43	1.28
	<u>100.00</u>	<u>100.00</u>	<u>8.90</u>	<u>13.80</u>	<u>100.00</u>	<u>100.00</u>	<u>12.54</u>	<u>14.08</u>
<i>Central States:</i>								
Ohio.....	21.10	18.59	3.87	3.63	20.10	16.67	3.72	2.56
Michigan.....	10.49	7.19	1.92	1.40	16.45	16.67	3.04	2.56
Illinois.....	59.98	59.97	10.99	11.72	52.48	58.33	9.71	8.07
Indiana.....	3.91	5.02	.72	.98	6.52	8.33	1.20	1.28
Kentucky.....	4.52	9.23	.83	1.80	4.45	—	.82	—
	<u>100.00</u>	<u>100.00</u>	<u>18.33</u>	<u>19.53</u>	<u>100.00</u>	<u>100.00</u>	<u>18.49</u>	<u>15.37</u>
<i>West Central States:</i>								
Minnesota.....	22.21	29.67	1.52	2.65	17.63	14.29	1.30	1.28
Iowa.....	9.87	17.21	.67	1.54	9.06	—	.67	—
Missouri.....	47.48	43.63	3.24	3.89	41.35	57.14	3.04	5.15
North Dakota.....	.71	—	.05	—	1.05	—	.08	—
South Dakota.....	—	—	—	—	.18	—	.01	—
Nebraska.....	4.63	6.23	.32	.56	4.90	—	.36	—
Kansas.....	2.56	—	.18	—	4.71	—	.35	—
Wisconsin.....	12.54	3.26	.86	.29	21.12	28.57	1.55	2.56
	<u>100.00</u>	<u>100.00</u>	<u>6.84</u>	<u>8.93</u>	<u>100.00</u>	<u>100.00</u>	<u>7.36</u>	<u>8.99</u>
<i>Mountain States:</i>								
Montana.....	24.10	—	.58	—	14.55	—	.41	—
Wyoming.....	.44	—	.01	—	1.82	—	.05	—
Colorado.....	42.18	72.63	1.02	1.83	30.88	50.00	.87	2.56
Idaho.....	—	—	—	—	6.37	—	.18	—
Utah.....	19.79	27.37	.47	.69	17.28	50.00	.49	2.56
New Mexico.....	1.44	—	.03	—	7.27	—	.21	—
Arizona.....	12.05	—	.29	—	21.83	—	.62	—
	<u>100.00</u>	<u>100.00</u>	<u>2.40</u>	<u>2.52</u>	<u>100.00</u>	<u>100.00</u>	<u>2.83</u>	<u>5.12</u>
<i>Pacific Coast States:</i>								
Washington.....	16.52	30.21	1.50	2.65	15.16	33.33	1.43	2.56
Oregon.....	13.86	12.69	1.26	1.11	7.52	—	.71	—
Nevada.....	.04	—	—	—	.55	—	.05	—
California.....	69.58	57.10	6.32	5.01	76.77	66.67	7.22	7.71
	<u>100.00</u>	<u>100.00</u>	<u>9.08</u>	<u>8.77</u>	<u>100.00</u>	<u>100.00</u>	<u>9.41</u>	<u>10.27</u>
Total.....			<u>100.00</u>	<u>100.00</u>			<u>100.00</u>	<u>100.00</u>

NOTE.—Members resident in foreign countries and associates have been excluded from the computation. Council members include the four elected officers, thus making a total of thirty-nine, but exclude past presidents.



## OFFICERS AND MEMBERS OF COUNCIL AS OF MAY 17, 1938

	<i>Name</i>	<i>State</i>	<i>Firm Affiliation</i>
President	Clem W. Collins	Colorado	Clem W. Collins & Company
Vice-presidents	William C. Heaton	New York	W. C. Heaton & Company
	Anson Herrick	California	Lester Herrick, and Herrick
Treasurer	Arthur W. Teele	New York	Patterson, Teele & Dennis

*Terms Expire October, 1942*

Marvin O. Carter	Tennessee	M. O. Carter
Charles F. Coates	Connecticut	Hadfield, Rothwell, Soule & Coates
Charles Carroll Croggon	Maryland	Haskins & Sells
George P. Ellis	Illinois	Wolf & Company
Ralph B. Mayo	Colorado	Ralph B. Mayo & Co.
George S. Olive	Indiana	Geo. S. Olive & Co.
Earl A. Waldo	Minnesota	Boulay, Anderson, Waldo & Co.

*Terms Expire October, 1941*

Miller Bailey	Missouri	Peat, Marwick, Mitchell & Co.
J. Chester Crandell	Massachusetts	Scovell, Wellington & Co.
Norman L. McLaren	California	McLaren, Goode & Co.
Hugh A. Sinclair	Wisconsin	Peat, Marwick, Mitchell & Co.
William J. Taylor	Ohio	Brubaker, Fisher & Taylor
George M. Thompson	California	George M. Thompson
Dwight Williams	Oklahoma	Dwight Williams

*Terms Expire October, 1940*

Arthur H. Carter	New York	Haskins & Sells
Thomas H. Evans	Michigan	Evans Audit Company
P. W. R. Glover	New York	Barrow, Wade, Guthrie & Co.
J. E. Hutchinson, Jr.	Texas	Hutchinson & Hutchinson
Wayne Kendrick	D. C.	Wayne Kendrick & Co.
Maurice E. Peloubet	New Jersey	Pogson, Peloubet & Co.
C. Oliver Wellington	New York	Scovell, Wellington & Co.

*Terms Expire October, 1939*

Frederick B. Andrews	Illinois	F. B. Andrews & Company
M. H. Barnes	Georgia	M. H. Barnes & Co.
Lincoln G. Kelly	Utah	Lincoln G. Kelly & Company
Walter Mucklow	Florida	Milner & Mucklow
I. Graham Pattinson	California	Price, Waterhouse & Co.
T. Edward Ross	Pennsylvania	Lybrand, Ross Bros. & Montgomery
Archie M. Smith	Louisiana	Archie M. Smith

*Terms Expire October, 1938*

Lewis Ashman	Illinois	Ashman, Reedy & Currier
Will-A. Clader	Pennsylvania	Will-A. Clader
George Cochran	New York	Deloitte, Plender, Griffiths & Co.
Paul K. Knight	New York	Arthur Andersen & Co.
Eustace LeMaster	Washington	LeMaster & Daniels
Adrian F. Sanderbeck	Pennsylvania	Bachrach, Sanderbeck & Company
William R. Tolleth	Virginia	W. R. Tolleth

*Life Members of Council (Ex Officio)*

<i>Name</i>	<i>State</i>
Charles B. Couchman	New York
W. Sanders Davies	New York
John F. Forbes	California
Frederick H. Hurdman	New York
Robert H. Montgomery	New York
Carl H. Nau	Ohio
John B. Niven	New York
William H. West	New York

### Secretary Speaks at Graduation Exercises

At the invitation of the senior class, the secretary of the Institute was guest speaker at the commencement exercises of St. John's University School of Commerce, held on the afternoon of June 8th in the Academy of Music, Brooklyn, N. Y. The title of his address was "An orderly world needs accountancy."

### Vice-presidents in South and Southwest

William C. Heaton, of New Jersey, and Anson Herrick, of California, vice-presidents of the American Institute of Accountants, visited 14 state societies and chapters in the South and Southwest during the month of May, describing the activities of the Institute and discussing the relation between the state and national organizations. They were hospitably received everywhere and encountered many signs of increasing interest in national professional problems.

#### SAVANNAH

On the evening of May 2nd Mr. Heaton addressed the annual dinner meeting of the Savannah Chapter of the Georgia Society of Certified Public Accountants, at the Savannah hotel, on the subject, "Problems of interest to accountants and work of the American Institute of Accountants."

#### JACKSONVILLE

Mr. Heaton was the luncheon guest of D. A. Smith, chairman of the Florida State Board of Accountancy, and J. W. Burke, president of the Jacksonville Chapter of the Florida Institute of Accountants, on May 3rd. That evening, Mr. Heaton was the speaker at a special dinner meeting held in his honor at the George Washington hotel. P. W.

Fisher, president of the Florida Institute, presided.

#### ATLANTA

Members of the Atlanta Chapter of the Georgia Society of Certified Public Accountants were hosts to Mr. Heaton at an informal luncheon at the Atlanta Athletic Club on May 4th. In the evening a dinner was held at the same place, with from 20 to 25 members present. L. L. Davis, vice-chairman of the chapter, presided, and Stephen B. Ives introduced Mr. Heaton, who spoke on the relationship between attorneys and accountants, with particular emphasis on pending legislation which might limit the activities of accountants.

#### MEMPHIS

On May 6th Mr. Heaton addressed the members of the Memphis Chapter of the Tennessee Society of Certified Public Accountants at a dinner meeting at the Peabody hotel.

#### JACKSON

Between 40 and 50 accountants were present to hear Mr. Heaton's address before the Mississippi Society of Certified Public Accountants at a meeting held at the Robert E. Lee hotel on the morning of May 7th. Following the meeting a motorcade was formed for a visit to Vicksburg, where the United States hydraulic laboratory and other points of interest were viewed.

#### NEW ORLEANS

The executive committee of the Society of Louisiana Certified Public Accountants entertained Mr. Heaton at luncheon at Broussard's in New Orleans on May 9th. A banquet in honor of Mr. Heaton held that evening at the Roosevelt hotel was well attended. Mr. Heaton, the only speaker of the evening, talked on the subject of "The in-

dependence of the certified public accountant." He also brought out, for the information of the Louisiana accountants, many interesting facts about the American Institute of Accountants. A general discussion followed the talk.

#### PHOENIX

Thomas J. Elliott, Tucson attorney and certified public accountant, presided at the annual spring meeting of the Arizona Society of Certified Public Accountants, held at the Hotel Adams on May 17th, with Mr. Herrick as guest of honor. At the luncheon session Mr. Herrick spoke informally on *A Statement of Accounting Principles*, and at the dinner session that evening he spoke on the activities of the Institute.

#### EL PASO

On Wednesday, May 18th, Mr. Herrick addressed the accountants of El Paso at a local chapter dinner at the Hotel Cortez.

#### FORT WORTH

At a dinner held at the Fort Worth Club on the evening of May 19th, Mr. Herrick addressed the accountants of Fort Worth on the subject, "Detailed activities of the Institute and its accomplishments." Visitors from Houston, Dallas, and College Station attended. There was a larger attendance at the dinner than ever before at a meeting of similar character. Mr. Herrick's message was well received, and for about two hours he answered questions concerning Institute activities and policies.

#### DALLAS

The Dallas members of the Texas Society of Certified Public Accountants were hosts at a dinner in honor of Mr. Herrick, held at the Baker hotel May 20th. Mr. Herrick spoke on the natural business year, and J. E.

Hutchinson, Jr., presided at a round-table discussion which followed.

#### LITTLE ROCK

At a dinner meeting at the Albert Pike hotel of Little Rock, Ark., on May 21st, Mr. Herrick explained the work of the American Institute of Accountants and described the relationship between the Institute and state societies, and also told of the Institute's cooperation with other bodies.

#### TOPEKA

Mr. Herrick addressed a luncheon meeting of the Topeka Lions club on May 23rd, at the Jayhawk hotel, on the subject, "The effect of Federal taxation on business economy." Thirty accountants attended a dinner at the Jayhawk hotel that evening. Cliff C. Stevenson, of Pittsburg, Kans., president of the Kansas Society of Certified Public Accountants, presided.

#### WICHITA

Preceding a meeting at which the Wichita Chapter of the Kansas Society of Certified Public Accountants was organized, held at the Lassen hotel May 24th, Mr. Herrick described in some detail the work that is being done by the American Institute of Accountants toward improving the professional standards of certified public accountants, and the quality and value of their work. Officers of the newly organized chapter are: President—Albert R. Wood; vice-president—Fred B. Kubik; secretary-treasurer—Ivan M. West.

#### DENVER

On May 25th Mr. Herrick addressed the members of the Colorado Society of Certified Public Accountants at the dinner held at the Wellshire Country Club following the society's annual golf tournament.

## Circulating Library

Since publication, in the March issue, of the list of books available in the circulating library of the Institute, the number of members using this service has increased appreciably. Following are the titles of volumes recently added to the circulating division:

- American Institute of Accountants**  
Fiftieth Anniversary Celebration, 1937.
- Bacas, Madden, and Rosenkampff**  
Auditing Procedure, 1937.
- Baker and Howell**  
Preparation of Reports, 1938.
- Balderston, C. C.**  
Profit Sharing for Wage Earners, 1937.
- Bernstein, E. W.**  
Public Utility Rate Making and the Price Level, 1937.
- Bogen, Foster, Nadler, and Rodgers**  
Money and Banking, 1936.
- Converse, P. D.**  
Essentials of Distribution, 1936.
- Dohr, J. L.**  
Law of Business, 1937.
- Herwood and Herwood**  
Herwood Library of Accountancy, 1938.
- Kurtz, E. B.**  
Science of Valuation and Depreciation, 1937.
- Mannix, R. L.**  
Essentials of Cost Accounting, 1936.
- Mills, G. H.**  
Accounting Manual for Colleges, 1937.
- Neuner, J. J. W.**  
Cost Accounting, Principles and Practice, 1938.
- Patman, W.**  
Robinson-Patman Act; What You Can and Cannot Do under this Law, 1938.
- Saliers, E. A.**  
How to Keep Accounts and Prepare Statements, 1938.
- Simons, H. C.**  
Personal Income Taxation, 1938.
- Wyatt, R. E., and Wandel, W. H.**  
Social Security Act in Operation, 1937.
- Wylie, Gamber, Brecht**  
Practical Office Management, 1937.

## Municipal Accounting

The following is quoted from a recent issue of the *Municipal Finance News Letter* published by the Municipal Finance Officers' Association of the United States and Canada:

"The city of Kalamazoo, Mich., has produced an annual report for 1937 which complies fully in every respect with the standards laid down by the National Committee on Municipal Accounting in its volume entitled *Municipal Accounting Statements*. Prior to publication, D. P. Turnbull, city auditor, consulted with staff members of M.F.O.A. to be certain that his report would so comply.

"The 1937 financial report of L. B. Edwards, city comptroller of Richmond, Va., has one series of statements of unusual interest and value, namely, those pertaining to debt. Since the city has many sinking-fund issues, each is listed separately to show the cash and investments set aside in the sinking fund toward the retirement of each issue. The actuarial requirements and the actual assets of each sinking-fund issue are also compared. These debt statements are unusually complete.

"Los Angeles County, Calif.—H. A. Payne, county auditor, has released a 162-page report covering the bonded indebtedness of Los Angeles county and all its municipalities. It is probably the most complete report on the debt of any area in the United States."

## Impostor

An individual representing himself to be a certified public accountant of California has recently visited a number of cities in the East and South, leaving a trail of bad checks. In one city he endeavored to interest local accountants in a system of accounts for dentists which he had developed. This information is offered merely as a warning to accountants in other localities.

## Spring Meeting of Virginia Society

The secretary of the American Institute of Accountants was a guest of honor at the spring meeting of the Virginia Society of Public Accountants at Lynchburg, May 20th and 21st. The meeting was marked by adoption of resolutions directed against competitive bidding, and against the preparation by accountants of such documents as contracts, corporation charters, by-laws, minutes, etc. A feature of the meeting also was a discussion of *A Statement of Accounting Principles*, by Sanders, Hatfield, and Moore, recently published by the American Institute.

The meeting opened on Friday morning, May 20th, with an address of welcome by the Honorable Lewis E. Lichford, Mayor of Lynchburg, to which the president of the Virginia Society, Robert L. Persinger, responded.

There was a short business session, during which Mr. Persinger presented an informal report of his activities as president during the year. He emphasized particularly the assistance and coöperation which he had received from the office of the American Institute, and also of the value of the Advisory Council of State Society Presidents, whose annual meeting he had attended in New York last fall.

John L. Carey, secretary of the Institute, then spoke on "Current problems of the profession," and his remarks were followed by discussion. The afternoon was devoted to golf and other sports, and in the evening those attending the meeting were guests at a boxing match at the Y.M.C.A. On Saturday morning there were several committee reports, among them that of the committee on education, which raised the question whether the pro-

fession was able to absorb all the young men who were being trained as accountants in various educational institutions. It seemed to be the sense of those who spoke that the society should give greater attention to educational problems, and to coöperation with educational institutions.

Hugh L. Dickerson led discussion of the balance-sheet section of *A Statement of Accounting Principles*. Following this discussion, T. Coleman Andrews, chairman, presented the report of the legislative committee. After considerable discussion the following resolution was adopted:

"RESOLVED, That the Virginia Society of Public Accountants, Inc., regards the writing and obtaining of corporate charters and the writing of contracts, partnership agreements, wills, trust agreements, deeds and corporation by-laws and minutes by public accountants and auditors as outside the field and competence of such accountants and auditors and contrary to the best interests of the public, and hereby admonishes its members that they should decline any and all requests to render such services."

J. A. Leach, Jr., chairman of the committee on advancement of profession, presented a suggestion which had been offered that the Virginia Society adopt a rule, similar to that of the Connecticut Society, prohibiting competitive bidding by its members. After extended discussion, a resolution was adopted similar in effect to the rule adopted by the Connecticut Society.

A banquet was held in the main ballroom of the Virginian hotel in the evening of May 21st. Morris W. Whitaker, chairman of the committee on arrangements, was toastmaster. Rev. R. A. Magill, Rector of St. John's Episcopal Church, Lynchburg, offered the

invocation. Frank Stewart presented prizes to the winners at golf and bridge, and complimentary prizes were presented to several guests, including the author. Charles K. Brown, president of Shenandoah Valley, Inc., was the speaker of the evening. He devoted his address to the need of a sense of humor in a changing world.

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### Alexander R. Grant

Alexander R. Grant, a member of council of the American Institute of Accountants from 1930 to 1935, died suddenly of heart trouble at his home at Chicago on Sunday morning, May 22nd. He was only 39 years of age.

Mr. Grant was educated at the University of Wisconsin. After several years' experience on the staff of Ernst and Ernst, he commenced the practice of public accounting in partnership with Milo B. Hopkins under the firm name of Alexander Grant & Company. In recent years he was also actively engaged in industrial management, and was president of The Moore Corporation, stove manufacturers, in Joliet, Ill., at the time of his death. He was a certified public accountant of Wisconsin and Illinois, a member of the Illinois Society of Certified Public Accountants, and a member of the Institute since 1925. At various times he had served on the committee on publication, committee on nominations, and the special committee on coöperation with bankers.

The members who attended the annual meeting at Colorado Springs in 1930 will recall his paper on "Constructive public practice," which was published in *The Journal of Accountancy* for November, 1930.

Mr. Grant is survived by his wife and three children.

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### Secretary Attends Maryland Meeting

The annual meeting of the Maryland Association of Certified Public Accountants was held May 10th at the Emerson hotel, Baltimore.

The afternoon session, after a brief business meeting, was devoted to discussion of *A Statement of Accounting Principles*. J. Elwood Armstrong, Jr., opened and closed the discussion, which was divided into three parts. Carroll F. Davis dealt with balance-sheet principles, John L. McKewen with income-statement principles, and S. M. Wedeberg with consolidated statements.

At the annual dinner, Harold N. House, retiring president, was presented with a book containing a record of the accomplishments of the association in the year just past. John L. Carey, secretary of the American Institute of Accountants, was introduced, and spoke briefly about the problems which were confronting the profession, and the equipment available through state and national organizations to cope with those problems.

Raymond C. Reik, now of New York but formerly one of the most active members of the Maryland Association, delivered the principal address of the evening, entitled "The public accountant in public affairs." Mr. Reik urged certified public accountants to take more active interest in the affairs of their communities, and their city, state, and national governments. He deplored the insignificant part played by certified public accountants in consideration of the recent reorganization bill and in other matters of wide public interest in which the experience and training of accountants give them greater authority to speak than perhaps any other class of men.

### Ohio Institute on Accounting

The institute on accounting held under the sponsorship of the College of Commerce and Administration of Ohio State University attracted several hundred accountants to Columbus, Ohio, on May 20th and 21st. The American Institute of Accountants was represented by its president, Clem W. Collins, who was one of the principal speakers. Members of the Ohio Society of Certified Public Accountants were especially invited guests.

J. L. Morrill, vice-president of the university, made an address of welcome at the opening session. Hiram T. Scovill, president of the Illinois Society of Certified Public Accountants, presented a paper entitled "The junior accountant—his problems, responsibilities and training," and Roy B. Kester, chairman of the committee on education of the American Institute of Accountants, discussed the subject, "The practitioner's responsibilities in a program of education for the accountant." Homer C. Dalton, president of the Ohio Society, presided at this session.

At a luncheon held at the Faculty Club on May 20th, Stuart C. McLeod, secretary of the National Association of Cost Accountants, spoke briefly.

Henry B. Fernald, past president of the New Jersey Society of Certified Public Accountants, presided at the afternoon session which was devoted to papers dealing with the revenue act of 1938. Victor H. Stempf, chairman of the committee on Federal taxation of the American Institute, discussed the subject from the viewpoint of the public accountant; the viewpoint of the industrial accountant was presented by C. Howard Knapp, vice-president of the National Association of Cost Accountants; and the viewpoint of the Treasury Department was presented by Thomas Tarleau, legal

assistant to the Undersecretary of the Treasury.

Mr. Collins spoke at a dinner session on May 20th held at the Faculty Club, with Walter C. Weidler, dean of the College of Commerce and Administration, presiding. George W. Rightmire, president of the university, made a brief address of welcome. Mr. Collins was followed by George C. Mathews, member of the Securities and Exchange Commission, who spoke on "Accounting in relation to regulation of securities sales."

At the session on the morning of May 21st Eric A. Camman, member of the American Institute, presented a paper entitled "Relation of costs to the determination of selling price," the text of which will be published in the July issue of *The Journal of Accountancy*. Howard C. Greer, assistant treasurer of the Institute of American Meat Packers, presented a paper entitled "Would published financial statements be representative by more uniform application of accounting rules and standards?" E. A. Heilman, president of the American Accounting Association, led discussion of these papers.

The meeting closed with an informal luncheon held at the Faculty Club.

### Proceedings of Municipal Accounting Conference

A book of the proceedings of the recent conference on Municipal Accounting and Finance held at Chicago under the sponsorship of the American Institute of Accountants has now been published by the Institute and is on sale at a nominal price.

As reported in earlier issues of this bulletin, ten other organizations, including the Illinois Society of Certified Public Accountants, coöperated with the Institute in holding the conference. The papers presented cover all phases

of the subjects and each is prepared by an outstanding authority.

The contents of the book, printed by photo-offset process, include the following:

"Accounting controls in the Federal government," by E. F. Bartelt, commissioner of accounts and deposits, United States Treasury Department, Washington.

"Accounting reports and municipal credit," by John S. Linen, chairman, Municipal Securities Committee, Investment Bankers Association.

"Basic principles in municipal accounting," by Lloyd Morey, vice-chairman, National Committee on Municipal Accounting; controller and professor of accounting, University of Illinois.

Conference keynote address by George P. Ellis, chairman of committee on governmental accounting, American Institute of Accountants.

"Governmental accounting surveys," by Donald C. Stone, executive director, Public Administration Service, Chicago.

"Municipal cost accounting: Its need and possibilities," by Albert E. Neale, chairman, municipal accounting committee, National Association of Cost Accountants; city auditor of Springfield, Mass.

"Obstacles in connection with municipal accounting and finance," by Deneen A. Watson, Illinois Bar Association.

"Planning in municipal administration," by H. L. Woolhiser, City Manager, Winnetka, Ill.

"Practical application of municipal accounting principles," by George D. Bailey, Detroit accounting practitioner.

"Program of municipal revenues and expenditures to meet changing social, economic, and political conditions," by James W. Martin, commissioner of revenue, state of Kentucky.

"Public's interest in municipal re-

ports," by Douglas Sutherland, secretary, Civic Federation and Bureau of Public Efficiency, Chicago.

Resolution adopted at the conference

"Surety company's interest in municipal audits," by Robert Steinemann, New York, chairman, committee for better audits, Surety Association of America.

"Technique of municipal accounting installations," by T. Coleman Andrews, Richmond, Va., member, committee on governmental accounting, American Institute of Accountants, and formerly auditor of public accounts, state of Virginia.

"Use of accounts in making and controlling the municipal budget," by C. C. Ludwig, executive secretary, League of Minnesota Municipalities.

### State Society Chapters

The Indiana Association of Certified Public Accountants recently approved the formation of a Northern Indiana chapter of the association, including St. Joseph, Elkhart, Kosciusko, Starke, Marshall, La Porte, Porter, and Lake counties. A chapter election will be held soon.

Certified public accountants of Saginaw, Flint, and Bay City have organized the Eastern Chapter of the Michigan Association of Certified Public Accountants. The officers of the new chapter are: President—Phillip E. Hartman, of Saginaw; vice-president—Frank H. Hawes, of Flint; treasurer—George A. Bourbonnais, of Saginaw; directors—Charles G. Touse, of Bay City, and Neil W. Oakes, of Saginaw.

The Wichita members of the Kansas Society of Certified Public Accountants met recently to organize a Wichita chapter. The following officers were elected: President—Albert R. Wood; vice-president—Fred B. Kubik; secretary-treasurer—Ivan M. West.



## Meetings and Elections

### Colorado Society of C.P.A.'s

*Date:* May 13, 1938.

*Place:* Denver.

*Elections:* President—Stanley V. Davies, of Denver.

Vice-president—Thomas E. Stanley, of Denver.

Secretary-Treasurer—Lawrence D. Wilch, of Denver.

Asst. Secretary-Treasurer—F. C. Hendee, of Denver.

### Connecticut Society of C.P.A.'s

*Date:* May 5, 1938.

*Place:* Waterbury.

*Subject of discussion:* "Principles of accounting," introduced by a discourse prepared by a committee of the Waterbury members of the society.

### Florida Institute of Accountants

*Date:* May 13 and 14, 1938. Annual convention, held in connection with the College of Business Administration of the University of Florida.

*Place:* Gainesville.

*Speakers:* Frederick L. Pearce, attorney, Washington, D. C., "Taxation."

R. S. Bogue, of Tampa, "Professional standards and ethics in Florida."

Dean Walter J. Matherly, College of Business Administration, University of Florida, "The preparation of Florida business leaders."

Dr. D. M. Beights, of the University of Florida, "Training for accountancy at University of Florida."

*Round-table:* "The Florida unemployment compensation law," conducted by Fons Hathaway, chief field advisor, Frederick Smith, chief of research, and John P. Mack, attorney for the commission, the Florida Industrial Commission, Unemployment Compensation Division.

*Elections:* President—H. M. Turnburke, of Clearwater.

Vice-presidents—Russell S. Bogue, of Tampa.

J. I. Keller, of Miami.

E. C. Work, of Bagdad.

Secretary—Charles H. Lindfors, of Fort Lauderdale.

Treasurer—Ira J. Varnedoe, of Jacksonville.

### Georgia Society of C.P.A.'s

*Date:* May 27 and 28, 1938. Annual meeting.

*Place:* Savannah.

*Speakers:* Frederick L. Pearce, of Washington, D. C., on "Taxation."

Professor Harold M. Heckman, University of Georgia, "A Statement of Accounting Principles."

W. J. Carter, of Atlanta, on "New theory of interpreting net profit."

### Indiana Association of C.P.A.'s

*Date:* May 14, 1938. Annual meeting.

*Place:* Indianapolis.

*Speakers:* Clarence A. Jackson, of Indianapolis, director of the gross-income-tax division, "Late developments in the administration of the gross income tax and unemployment compensation laws."

Earl E. Thomas, of Evansville, "Important changes in the Federal income-tax law."

*Elections:* President—O. C. Herdrich, of Indianapolis.

Vice-president—G. F. Detmer, of Fort Wayne.

Secretary—John S. Lloyd, of Indianapolis.

Treasurer—Floyd H. Kirlin, of Indianapolis.

Auditor—Lewis E. Thomas, of South Bend.

### Iowa Society of C.P.A.'s

*Date:* May 20 and 21, 1938. Semiannual convention.

*Place:* Cedar Rapids.

*Speakers:* George P. Ellis, of Chicago, "Municipal accounting."

Professor Harry H. Wade, University of Iowa, "Supervision of accounting work."

T. M. Ingersoll, attorney, of Cedar Rapids, on the subject of coöperation between accountants and attorneys.

Vice-president—Don Battelle.

Secretary-Treasurer—Robert Lloyd.

### Oregon State Society of C.P.A.'s

*Date:* May 11, 1938.

*Place:* Portland.

*Speaker:* Charles V. Galloway, member of the Oregon State Tax Commission, "Personal property taxes in Oregon."

### Massachusetts Society of C.P.A.'s

*Date:* May 23, 1938. Annual meeting.

*Place:* Boston.

*Elections:* President—Anthony Jaureguy, of Boston.

Vice-president—J. Harold Stewart, of Boston.

Secretary—Albert E. Hunter, of Boston.

Treasurer—Edward J. McDevitt, Jr., of Boston.

Auditor—Miss Ethel S. Kingman, of Boston.

### Pennsylvania Institute of C.P.A.'s

Harrisburg Chapter

*Date:* May 10, 1938.

*Round-table discussion:* "Proposed legislation for the regulation of the accounting profession." Leader—Adrian F. Sanderbeck, of Pittsburgh.

Philadelphia Chapter

*Date:* May 18, 1938. Annual meeting.

*Elections:* Chairman—C. Whitford McDowell.

Vice-chairman—Frank S. Glendening.

Secretary—Hubert F. Ravenscroft.

Treasurer—Lewis J. Laventhol.

Auditor—Thomas M. O'Neill.

### Michigan Association of C.P.A.'s

Western Michigan Chapter

*Date:* May 26, 1938.

*Place:* Grand Rapids.

*Speaker:* H. T. Scovill, University of Illinois, "The natural business year."

Pittsburgh Chapter

*Date:* May 24, 1938. Annual meeting.

*Elections:* Chairman—Robert M. Griffiths.

Vice-chairman—James H. Young, Jr.

Secretary—Ira G. Flocken.

Treasurer—Walter L. Wickard.

Auditor—Harry Coon.

Executive Committee—John P. Brown and James H. Taylor.

### New York State Society of C.P.A.'s

Buffalo Chapter

*Date:* May 16, 1938.

*Speaker:* Robert Steinemann, chairman of the committee for better audits, Surety Association of America, on the need for an adequate accounting and auditing system to check the moneys collected and disbursed annually by public servants.

### Washington Society of C.P.A.'s

*Date:* May 13, 1938. Annual meeting.

*Place:* Seattle.

*Elections:* President—Louis E. Smith, of Seattle.

Vice-president—Edward P. Tremper, Jr., of Seattle.

Secretary-Treasurer—Clarence A. Andrews, of Seattle.

Auditor—A. S. James, of Seattle.

### Ohio Society of C.P.A.'s

Dayton Chapter

*Date:* May 2, 1938.

*Speaker:* Professor Herman C. Miller, Ohio State University.

*Elections:* President—J. C. Cassel.

## Announcements

Henry B. Clyde announces the opening of offices in the Conway Bldg., 111 West Washington St., Chicago, Ill.

Davies and Davies, of New York, N. Y., announce that Morton F. Locke has been admitted to partnership. The firm name will remain unchanged.

Frank E. Dixon & Co., Chrysler Bldg., 405 Lexington Ave., New York, N. Y., announce that Charles A. Corbin has been admitted into partnership.

C. C. Gabrielson and Associates announce the removal of their offices to suite 412, Pershing Square Bldg., 448 South Hill St., Los Angeles, Calif.

Marshall Granger announces the opening of his office at 522 Fifth Ave., New York, N. Y.

Charles C. Link announces the removal of his office from 299 Madison Ave., to 50 Church St., room 2260, New York, N. Y.

William F. Robins announces that Neil W. Oakes is now associated with him, under the firm name of Robins & Oakes, with offices at 606 Bearinger Bldg., Saginaw, Mich.

Smith-Ellingson-Schuldes Company, Green Bay, Wis., announce that A. A. Alk, J. P. Burns, and H. M. Winkler, have been admitted to the firm.

Hunter & Weldon, of New York, N. Y., announce that Harold J. Murphy has been admitted to partnership in the firm.

Albert J. Wiley, John F. Block, and John J. White, announce that the practice heretofore conducted as James F. Welch and Company will be continued under the firm name of Wiley, Block and White, with offices at 129 Market St., Paterson, N. J., and at 165 Broadway, New York, N. Y.

Ernest S. Woolley and Stanley J. Clark announce the formation of a partnership under the firm name of Woolley, Clark & Co., with offices at 45 Grand St., Newburgh, N. Y.

Samuel J. Broad, of New York, N. Y., has been reappointed, by the Regents of the University of the State of New York, a member of the certified public accountant grievance committee for a term of five years from May 1, 1938.

Julius E. Flink, of Newark, N. J., is the author of an article on building-and-loan accounting, published in the April 24th issue of the *Newark Sunday Call*.

Frank C. Taylor, of Dallas, Tex., recently addressed the Wholesale Credit Men's Association of Dallas on the subject "Social security taxes."



# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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Nominations

1938 Annual Meeting

Institute's New Headquarters

Examination Results

Election of Members

Meetings and Elections

Announcements

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*Officers 1937-1938*

### AMERICAN INSTITUTE OF ACCOUNTANTS

135 CEDAR STREET, NEW YORK CITY

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## An Important State Meeting

**T**HREE matters of particular importance were considered at the annual meeting of the Pennsylvania Institute of Certified Public Accountants at Skytop, Pa., June 13, 14, and 15, 1938.

A two-class restrictive accountancy bill, including a requirement that applicants for C.P.A. certificates possess college degrees, was approved and the committee on legislation was instructed to have the bill introduced at the 1939 session of the legislature. The net effect of the bill would be that five years after enactment no one in Pennsylvania who did not hold a college degree would be eligible for examination for a licence to practise public accounting.

The report of the Pennsylvania Institute's committee on local governmental accounting was also approved, with certain amendments. A uniform system of accounting for governmental units and annual audits by independent accountants were recommended. A proposal that the state authorities set up special machinery to license persons as municipal auditors was defeated on the ground that certified public accountants should not be required to obtain special licenses to conduct various types of accounting practice.

The Pennsylvania Institute's canons of professional ethics were amended by the adoption of a rule against advertising very similar to rule 11 of the rules of professional conduct of the American Institute of Accountants, which specifies what shall be considered improper advertising.

The members at Skytop listened to many other interesting reports and addresses. The attendance was the largest in the history of the Pennsylvania Institute's annual meetings. More than 230 members and guests were registered. The American Institute of Accountants was represented by its secretary.

The meeting showed clearly an energetic interest in the progress of accountancy and a determination to solve the numerous problems with which the profession is faced. It was typical of a successful meeting of a modern state society of certified public accountants.

## The Institute's New Headquarters

SOON after the first of August, the Institute's offices will move to 13 East 41st street, New York, a handsome six-story building which henceforth will be known as "The American Institute of Accountants Building." The Institute has leased for a period of 12 years the basement and first three floors of the building, but provision has been made whereby the Institute may procure additional space when needed, at reasonable rates.

A photograph of the building accompanies this issue of THE CERTIFIED PUBLIC ACCOUNTANT. The building is situated in the very heart of New York, on 41st street between Fifth and Madison avenues, only two and one-half blocks from Grand Central Station and convenient to the principal bus and subway lines.

Because of the central location of the new headquarters, it is expected that many members from out of town, who have in the past found it inconvenient to call at 135 Cedar street, will call at national headquarters while visiting New York. For their convenience, as well as that of local members, there will be on the ground floor a well furnished lounge and reception room in which informal meetings may be arranged or members may rest between visits in the city. This room may be entered from the private street entrance or from the building hallway.

The mezzanine also will be furnished so that conferences of members and their clients or friends may be held there, and writing desks will be provided for the convenience of visitors. A conference room will occupy the rear of the mezzanine floor.

The library will occupy the entire second floor. There will be a well furnished reading room, reserved exclusively for the use of members, which will also serve as a committee room, to accommodate a meeting of about 18 persons. The library will include about twice the area available for its use at 135 Cedar street. All books will be housed on the second floor of the new building.

The third floor will contain the executive offices and accounting department. By bringing together on one floor departments whose work must be closely coordinated, it is expected that the staff will be able to work more efficiently than at present.

The basement of the new building, which is equipped with a spacious vault, will provide ample storage for the Institute's voluminous records.

The firm of Morris & O'Connor, architects, has been retained to plan and supervise the alterations to be made on the first and second floors, so as to make the space suitable for the Institute's purposes.

Those charged with the responsibility of finding the Institute a new home feel that 13 East 41st street meets the Institute's exacting require-



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ments as to location, size, general appearance, and cost. The net floor area of the building at 135 Cedar street is about 9,000 square feet, inadequate for the enlarged staff, whereas the new quarters include 13,800 square feet. Much of the additional space will be given over to accommodations for members which have not previously been available.

The average annual net rental of the new quarters will be about the same as the average of annual cost of owning and maintaining the building at 135 Cedar street, which was purchased in 1921.

Headquarters may be closed for a few days in early August, during the move to the new building.

A cordial invitation is extended to all members and their friends to visit the Institute's new headquarters at 13 East 41st street which will be open early in August.

## 1938 Annual Meeting

THE nationwide interest and enthusiasm inspired by the fiftieth anniversary celebration of the American Institute of Accountants at New York in 1937 will, it is confidently expected, result in an outstanding annual meeting at Cincinnati September 26-29, 1938, inclusive.

The Ohio Society of Certified Public Accountants, which will be host to the Institute, is determined that in no particular shall the 1938 meeting suffer by comparison with what has gone before. The technical program has been carefully planned to include subjects which will be of interest to every certified public accountant, regardless of the nature of his practice or the section of the country where he resides.

Roswell Magill, Undersecretary of the Treasury, and Arthur T. Vanderbilt, now president of the American Bar Association, are among the prominent speakers from outside the profession who will participate in the meeting.

Accounting problems arising in conjunction with activities of various government agencies will be thoroughly discussed—for example, the Securities and Exchange Commission, the Social Security Board, and the Federal Home Loan Bank Board (in relation to savings and loan associations). Federal taxes will occupy a prominent place in the discussion.

An entire general session will be devoted to a thorough review and criticism of *A Statement of Accounting Principles*. Altogether there will be three general sessions and ten round-table sessions.

Championship courses at the Kenwood Country Club will be available for the golf tournament, and an attractive program of entertainment, including two dances, floor shows, vocal music, and horse races, will occupy the idle hours. A most elaborate program of activity for the ladies has already been prepared which among other items provides for golf and tennis, a trip to the Latonia race track in Kentucky, lunches at country clubs and elsewhere, teas, and sightseeing trips. As usual, a full day will be set aside for entertainment.

The Netherland Plaza hotel, which will be headquarters, affords luxurious accommodations. All meeting rooms and dining rooms are air-conditioned.

A complete outline of the tentative program appears on page 6 of this bulletin.

### HOTEL RESERVATIONS

The Netherland Plaza hotel can accommodate only 750 of those who will attend the Institute's meeting, while more than 1,000 are expected. Those who wish to stay at the headquarters hotel are, therefore, urged to make their room reservations as early as possible. They should be ad-

dressed to the attention of Royal Ryan, convention manager, Netherland Plaza hotel. Following are the room rates:

Single.....	\$ 3.00 to \$10.00
Double.....	5.50 to 12.00
Twin.....	6.00 to 10.00
Suites.....	11.00 to 50.00

The reservation should indicate the probable time of arrival, and an acknowledgment from the hotel should be received immediately.

#### PROGRESS IN ARRANGEMENTS

Progress unusual at so early a date, in arrangements for the meeting, was reported at a meeting of the Cincinnati chapter, Ohio Society of C.P.A.'s, held at the Hyde Park Country Club, June 23rd.

Officers of the Ohio Society, members of the Institute's committee on meetings, subcommittees of the Ohio Society on various phases of the meeting, and the secretary of the American Institute of Accountants were present. The total attendance was about 50.

The secretary, in a brief address, pointed out the importance of the Cincinnati meeting to the profession as a whole. He expressed the belief that, following the celebration of the fiftieth anniversary last year, a perfectly organized and highly enthusiastic meeting at Cincinnati would result in a most auspicious beginning of the second 50 years of American accountancy. Completely satisfactory sessions next fall, he said, would facilitate cooperation among the state and national groups and would pave the way for an even wider program of activity. Abner J. Starr, chairman of the committee on meetings, called for oral reports from all the various subcommittees, which without exception had already organized their work and in some cases had practically completed it.

Homer L. Dalton, president of the Ohio Society of Certified Public Accountants; Gordon S. Battelle, vice-president; Harry W. Cuthbertson, secretary; and directors Berl G. Graham, Vernon Moore, and Jacob B. Taylor, were introduced. Edward A. Vogele, chairman of the Cincinnati chapter, presided. At the conclusion of the meeting the secretary of the Institute was assured of the complete cooperation of the Cincinnati chapter as a whole in making a success of the meeting.

On the following morning the officers and directors of the Ohio Society, with the chairman of the Institute's committee on meetings and the secretary of the Institute, attended a conference to which the manager and convention manager of the Netherland Plaza had been invited. At this meeting every item of detail in conjunction with the meeting was thoroughly canvassed and the entire program was reviewed and adjusted.

An attempt will be made to estimate the probable attendance as a basis for final arrangements, by means of replies to a circular letter, accompanied by return postcard, sent to the entire membership early in July.

## Tentative Program of Annual Meeting

CINCINNATI, SEPTEMBER 26-29, 1938

SUNDAY, SEPTEMBER 25TH

All day. Registration.

MONDAY, SEPTEMBER 26TH

All day. Registration.

9:30 A.M. Meeting of council (executive session).

10:00 A.M. Machine exhibit (to be open until Thursday evening).

12:30 to 2:00 P.M. Luncheon to members of council of American Institute of Accountants and state society presidents or representatives, as guests of officers and directors of Ohio Society of Certified Public Accountants.

2:00 to 5:00 P.M. Meeting of Advisory Council of State Society Presidents.

Meeting of members of state boards of accountancy examiners and Institute board of examiners.

5:00 to 7:00 P.M. Tea for ladies and gentlemen. Music.

TUESDAY, SEPTEMBER 27TH

9:00 A.M. to 12:00 M. General session. President's address.

Report of council.

Address: "Inconsistencies in Accounting Requirements of State and Federal Regulatory Bodies," by Henry A. Horne, chairman, American Institute of Accountants special committee on public-utility accounting. (No discussion from the floor.)

12:15 to 2:30 P.M. Luncheon—Annual meeting of Ohio Society of Certified Public Accountants. (Admission to Ohio Society members only.)

2:30 to 4:30 P.M. Round-table sessions: "Building and Loan Accounting." "Revenue Act of 1938." "Modern Developments in Costs, Budgets, and Control."

9:30 P.M. to 2:30 A.M. Supper dance. (Supper about midnight.)

WEDNESDAY, SEPTEMBER 28TH

10:00 A.M. to 12:30 P.M. Round-table sessions:

"Accountants' Certificates."

"Problems in Social Security Act."

"Accounting and the Law."

1:00 to 2:00 P.M. Luncheon for golfers—Kenwood Country Club.

2:30 to 6:00 P.M. Annual golf tournament—Kenwood Country Club.

Races at Latonia, Ky., as guests of Kentucky Society of Certified Public Accountants.

2:30 to 4:30 P.M. Round-table sessions: "Accounting for Nonprofit Institutions."

"Future of C.P.A."

"Machine Accounting."

(It is understood that in this session representatives of machinery companies exhibiting will be given an opportunity to describe their products.)

9:00 P.M. Entertainment.

THURSDAY, SEPTEMBER 29TH

9:30 A.M. to 12:30 P.M. General session. Election of officers and members of council.

Selection of 1939 meeting place.

Address: "Federal Tax Revision, 1939," by Roswell Magill, Undersecretary of the Treasury.

Discussion of *A Statement of Accounting Principles*. (By 10 eminent practitioners and accounting instructors.)

2:00 to 5:00 P.M. Discussion of *A Statement of Accounting Principles* (continued).

7:00 P.M. Annual banquet.

Address: By Arthur T. Vanderbilt, retiring president of the American Bar Association.

Address: By Charles P. Taft.

10:00 P.M. to 2:00 A.M. Dancing and entertainment.

# American Institute of Accountants

## Delegate to International Congress

Max Frederick, of New York, has been appointed a member of the Institute's delegation to the International Congress, to be held at Berlin September 19-24, 1938.

## Nominations

The Institute's committee on nominations has nominated the following members of the Institute for the several offices for the fiscal year 1938-1939:

### *President:*

CLEM W. COLLINS, Colorado

### *Vice-presidents:*

LEWIS ASHMAN, Illinois

JOHN K. MATHIESON, Pennsylvania

### *Treasurer:*

ARTHUR W. TEELE, New York

### *Auditors:*

JACOB S. SEIDMAN, New York

JAMES F. HUGHES, New York

After analyzing the suggestions of the membership in the several states concerned, the committee also proposes the following for election as members of the council:

### *For a term of five years:*

STANLEY G. H. FITCH, Massachusetts

GEORGE COCHRANE, New York

JOSEPH J. KLEIN, New York

RODNEY F. STARKEY, New York

BERL G. GRAHAM, Ohio

RALPH B. STRATFORD, Oregon

ADRIAN F. SANDERBECK, Pennsylvania

The official report of the committee on nominations will be submitted to the membership with the call for the annual meeting at least 30 days prior to the date of the meeting.

Members of the committee on nominations are as follows:

Charles B. Couchman

Lincoln G. Kelly

T. Coleman Andrews

Stanley G. H. Fitch

J. William Hope

William D. Morrison

Edward B. Wilcox

## Examination Results

The papers of 674 candidates who sat for the Institute's examinations on May 12th and 13th in 25 states and 2 territories which have adopted the Institute's plan of coöperation have been graded by the Institute's examiners.

The results, as reported to the state boards on June 13, 1938, showed that 67.7 per cent were passed in auditing, 52.2 per cent were passed in commercial law, and 9.7 per cent were passed in accounting theory and practice. At the May, 1937, examinations, 57.7 per cent were passed in auditing, 55.5 per cent were passed in commercial law, and 28 per cent were passed in accounting theory and practice.

Candidates took the Institute's examinations in 8 other states which do not submit papers to the Institute's examiners for grading. The total number of candidates taking the examination was 1,388.

### Appointment

T. Coleman Andrews, of Richmond, Va., member of the Institute's special committee on governmental accounting, has been appointed comptroller of Richmond and assumed his new duties on July 1st. Mr. Andrews has announced that he will again retire to his private accounting practice after a modern system of accounts and control has been installed and is operating effectively.

### International Management Council

The American Institute of Accountants has accepted an invitation to be one of the sponsors of the Seventh International Management Congress which is to be held at Washington, D. C., September 19-23, 1938. The Congress will be held under the auspices of the International Committee of Scientific Management, of which Viscount Leverhulme, of London, is president.

The program of general and technical sessions reflects the twofold objectives of the Congress: to raise the level of management practice and to promote a better understanding of the economic and social forces affecting business enterprise in present-day society.

### State Board Appointments

The governor of the state of Georgia recently appointed, and the state senate approved, the following individuals as members of the Georgia State Board of Accountancy:

M. H. Barnes, of Savannah  
 Frank Forrester, of Thomasville (term begins October 1, 1938)  
 Brooks Geoghegan, of Macon (term begins October 1, 1938)  
 William F. Loflin, of Columbus  
 W. R. Osborn, of Atlanta

### Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, 24 applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

#### ADMITTED AS MEMBERS

Ralph N. Apple, New York, N. Y.  
 Hal Canary, Memphis, Tenn.  
 C. Herbert Cox, Cleveland, Ohio.  
 William K. Donald, New York, N. Y.  
 Neville C. Gee, New York, N. Y.  
 Lawrence A. Hohmann, Roanoke, Va.  
 Alexander X. Kuhn, Chicago, Ill.  
 Donald A. Miller, Salt Lake City, Utah.  
 Raymond B. Pearce, Greensboro, N. C.  
 Alfred F. Reynolds, New York, N. Y.  
 Frank H. Slavik, Corpus Christi, Texas.  
 Roy W. Snyder, Paterson, N. J.  
 Michael G. Stratton, New York, N. Y.  
 Henry E. Trost, Columbus, Ga.  
 Charles E. Uebel, Cleveland, Ohio.

#### ADMITTED AS ASSOCIATES

Roy L. Alborg, Chicago, Ill.  
 Oswald C. Buchanan, New York, N. Y.  
 Ernest M. Chudley, Los Angeles, Calif.  
 Frederick G. Eichhorn, Greensboro, N. C.  
 Stuart Jenkins, New York, N. Y.  
 T. S. Matthews, Sand Springs, Okla.  
 Henry G. Orsborn, Greenwood, Miss.  
 Adolph T. Samuelson, Chicago, Ill.  
 William A. Zoeller, Chicago, Ill.

### Tennessee Convention

The annual convention of the Tennessee Society of Certified Public Accountants is scheduled to be held at Memphis August 25, 26, and 27. At the same time there is to be a regional meeting in Memphis, and it is tentatively planned to hold the two meetings as one convention. Further details will be published in a subsequent issue.

### Visitors at Institute Offices

The following visitors from out of town called at the offices of the Institute at 135 Cedar street during recent weeks:

T. Coleman Andrews, Richmond, Va.  
 Geo. D. Bailey, Detroit, Mich.  
 Miller Bailey, Kansas City, Mo.  
 Meyer Barton, New Orleans, La.  
 Carl E. Dietze, Milwaukee, Wis.  
 Charles E. Fernald, Philadelphia, Pa.  
 John Wickliffe Gray, Denver, Colo.  
 Henry R. Hatfield, Berkeley, Calif.  
 E. F. Johnson, Littleton, N. H.  
 Donald D. Kennedy, Newark, N. J.  
 Max A. Kenyon, Jersey City, N. J.  
 Wade Kurtz, Joplin, Mo.  
 Chandler H. Lapsley, Pelham Manor, N. Y.  
 Charles E. Masters, Chicago, Ill.  
 Charles A. Naylor, Tulsa, Okla.  
 J. W. Olshen, Miami Beach, Fla.  
 Paul W. Pettengill, Chicago, Ill.  
 George R. Poole, Raleigh, N. C.  
 F. E. Ross, Detroit, Mich.  
 George W. Rossetter, Chicago, Ill.  
 J. Harold Stewart, Boston, Mass.  
 Paul F. Swantee, Kansas City, Mo.  
 John H. Zebley, Jr., Philadelphia, Pa.

### Conference in Pacific Northwest

The sixteenth annual conference of certified public accountants of the Pacific Northwest was held at Portland, Ore., on June 3rd and 4th. Seventy-five members of the state societies of Oregon and Washington attended. During the two-day period, the following papers were presented: "Dual System of Government and Tax Exemption," by Dr. Calvin Crumbaker, professor of economics, University of Oregon; "The 1938 Revenue Act—the Institute's Recommendations, the Speaker's Views," by Llewellyn Floyd Wing, of Tacoma, Wash.; "Comments on *A Statement of Accounting Principles*," by A. William Morris, of Spokane, Wash.; "Preparing for the

Auditor," by C. W. Snider, office manager of the Iron Fireman Manufacturing Company, Portland, Ore.

There were also two round-table sessions—one covering the subject, "The form of accountants' report, as suggested in 1934 by the American Institute of Accountants," and the other covering various accounting questions. A program of entertainment followed the business sessions.

### English Accountant Knighted

Arthur Edwin Cutforth, C.B.E., F.C.A., one of the senior partners of Deloitte, Plender, Griffiths & Co., who was a delegate representing the Institute of Chartered Accountants in England and Wales at the fiftieth anniversary of the American Institute of Accountants, at New York, has been knighted by His Majesty, King George VI.

Sir Arthur was president of the Institute of Chartered Accountants in 1934-35 and 1935-1936, and has served on various commissions in England, among which were the Food Council, the Reorganization Commission for Milk, Tithe Redemption Commission, the oil-from-coal subcommittee of the Committee of Imperial Defence, and was a member of the panel of arbitrators under the Central Coal Mines Scheme.

The honor was conferred for services to agriculture.

### Manual for Committees

The New York State Society of Certified Public Accountants has issued in booklet form a manual for committees, which reviews the various activities of the society and states the responsibilities of each committee and officer. The manual is designed to serve as a guide to committee chairmen and to prevent duplication of effort, as well as to inform the membership.

## Accounting as a Vocation

Clem W. Collins, president of the American Institute of Accountants, is the author of a section dealing with public accounting in the May issue of *The Diary* of Alpha Kappa Psi, which was devoted to a review of opportunities for graduates in the various professions and lines of business. Alpha Kappa Psi, of which Mr. Collins is a member, is a national professional fraternity in commerce.

## C.P.A. Requirements Amended

The New Jersey State Board of Public Accountants has announced the adoption of amendments to its rules relating to educational and experience requirements. The changes, designed to conform with the rules of the New York board, will not be effective until January 1, 1941.

The rules have been changed to read as follows:

"5 (c). Subsequent to January 1, 1941, every candidate for examination for a certificate as a certified public accountant shall present evidence that he has satisfactorily completed a course of study in a college or school of accountancy and business administration registered with and approved by the New Jersey State Board of Public Accountants as maintaining a satisfactory standard, and that subsequent or prior to the beginning of his course of study in such college or school of accountancy and business administration he satisfactorily completed a four-year high-school course approved for this purpose or its equivalent as determined by the New Jersey State Department of Public Instruction.

"5 (d). At the time of filing application, evidence, in affidavit form, of having had two years' experience in public accounting work in the office of a certified public accountant or a firm at least one member of which is a

certified public accountant. Work for which experience credit is desired shall be full time work performed during general office hours.

"5 (e). In lieu of the practice requirement provided for in paragraph (d) above, the board may allow an applicant to sit for examination and if successful withhold the granting of the certificate until the applicant has complied with the requirements of paragraph (d) to the satisfaction of the board."

The board has also announced that a list of colleges and schools of accountancy and business administration that are approved by it will be published from time to time. The complete rules of the board governing organization and examination for the C.P.A. certificate may be obtained from George H. Kingsley, secretary, City National Bank Building, Hackensack, N. J.

## Government Management

Training for a new profession, that of appraiser of the efficiency of city and county governments, is to be instituted next September at the University of Denver under a grant for the first year of \$29,000 from the Alfred P. Sloan Foundation of New York.

Graduates of the 18-month course will be awarded the special degree of Master of Science in Government Management, and will be expected to qualify as research aids to citizen groups now being formed in all parts of the country to check waste in local government and to improve public-welfare services.

The new department is to be placed in the School of Commerce, Accounts, and Finance of Denver University. Clem W. Collins, president of the American Institute of Accountants is dean of this school and participated in the organization of the new department.



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### **Harry W. Carroll**

Harry W. Carroll, a member of the American Institute of Accountants and its predecessor organizations since 1905, died recently at Seattle, Wash.

Mr. Carroll was born at Sacramento, Calif., in 1858, attending public schools there and graduating from the University of California School of Mines in 1880. After engaging in mining for a time, he became a member of the California legislature.

In 1890 Mr. Carroll went to Seattle, and four years later was appointed chief deputy city comptroller. In 1906 he was elected city comptroller, and had held that position ever since.

From 1903 to 1911 he was a member of the state board of accountancy, being chairman when he retired. He was a certified public accountant of Washington and a past president of the Washington Society of Certified Public Accountants. Throughout his life Mr. Carroll was prominent in civic and fraternal activities.

### **William R. Spratt, Jr.**

William R. Spratt, Jr., of Washington, D. C., died June 20th, at the age of 47.

Mr. Spratt was born at Chicago, and started to work for the Chicago Telephone Company when he was 14, remaining with the company for a number of years. At 22 he became one of the youngest certified public accountants in the country. From 1915 to 1919 he was associated with the firm of Haskins & Sells at Chicago.

Later he became associated with Howe, Snow & Bertles, a New York investment banking house, and was subsequently made vice-president of the firm. From 1929 to 1932 he was vice-president of the organization

which resulted from the merger of Howe, Snow & Bertles with E. H. Rollins & Sons.

At the time of his death Mr. Spratt was chief of the Securities and Exchange Commission's investment trust study. He had been with the commission since 1935. Mr. Spratt had been a member of the American Institute of Accountants since 1922, and was a certified public accountant of Indiana and of Oklahoma.

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### **Annual Meeting of Dominion Association**

The 36th annual meeting of the Dominion Association of Chartered Accountants will be held at the Hotel Nova Scotian, Halifax, August 22-25, 1938, inclusive. The American Institute of Accountants will be officially represented by William C. Heaton, of New Jersey, vice-president. Mr. Heaton has accepted an invitation to present a paper at a session of the meeting on August 25th. A communication from A. H. Carr, secretary of the Dominion Association, extends a cordial invitation to all members of the Institute to attend the meeting.

George Cochrane, of New York, has been appointed to represent the Institute of Chartered Accountants in England and Wales at the annual meeting of the Dominion Association of Chartered Accountants, to be held at Halifax, Canada, in August.

Following is a tentative program of the proceedings:

#### **MONDAY, AUGUST 22ND**

9:30 A.M. Meeting of executive committee of the Dominion Association.

2:30 P.M. Meeting of council of Dominion Association.

## TUESDAY, AUGUST 23RD

- 9:30 A.M. Meeting of council (continued).
- 1:00 P.M. President's luncheon to council members.
- 2:30 P.M. Meeting of council (continued).
- 8:00 P.M. Committees of council; registration.
- 9:00 P.M. Informal reception to visiting members and ladies at the Nova Scotian hotel.

## WEDNESDAY, AUGUST 24TH

- 8:30 A.M. Registration.
- 9:30 A.M. First general session; addresses of welcome; address of president.
- Reports of constituent institutes, of council, and of committees of council.
- 12:00 M. Adjournment; photograph.
- 2:30 P.M. Golf match—Dominion *vs.* Nova Scotia Institute, for challenge cup.
- 2:30 P.M. Entertainment for ladies and for members not playing golf.
- 9:00 P.M. Supper dance as guests of the Institute of Chartered Accountants of Nova Scotia.

## THURSDAY, AUGUST 25TH

- 9:30 A.M. Second general session—general business.
- 10:00 A.M. Paper, "Our Profession—Quo Vadis?" by H. G. Norman, of Montreal.
- 11:30 A.M. Paper by William C. Heaton, vice-president, the American Institute of Accountants.
- 1:00 P.M. Luncheon for members and ladies as guests of the Institute of Chartered Accountants of Nova Scotia.
- 2:30 P.M. Third general session.
- Round-table discussion of the subject, "Should the statutory form of the auditor's report to the shareholders be changed?" Kenneth W. DalGLISH, chairman.
- 7:30 P.M. Annual banquet of the Dominion Association.

A special program of entertainment for the ladies during the entire convention will be under the direction of a ladies' entertainment committee. A program of optional entertainment for Friday and the week-end of August 27-28 is being arranged for those members who remain after the annual meeting sessions.

**Coöperation with Credit Men**

Judson E. Krueger, San Francisco member of the American Institute of Accountants special committee on coöperation with credit men, spoke at the forty-third annual credit congress of the National Association of Credit Men, at San Francisco in the early part of June. The session at which he delivered his address, entitled "The Credit Yard Stick," was that of the food group wholesalers and hotel and restaurant supply credit group. Mr. Krueger's paper included comments on analyzing the balance-sheet and on the use of credit ratios as factors in granting credit. About 80 persons were present and questions and discussion followed the address.

In accordance with the policy of the Institute's special committee on coöperation with credit men, Mr. Krueger has suggested a joint meeting of the local credit organization with the local chapter of certified public accountants. The Institute's committee believes that joint meetings of this character would be of great benefit to both groups. Credit men have often stated that they desire to become better acquainted with certified public accountants, and the acquaintance would also be helpful to the latter. In the opinion of the Institute's committee, state societies owe it to their members through joint meetings to create the opportunity of introducing the members of the two groups.

### State Society Library

The Oregon State Society of Certified Public Accountants, after accumulating the necessary funds over a period of years, has established a library of more than 100 volumes in coöperation with the Oregon Institute of Technology, at Portland. The volumes in the collection are available for use by all students of the institute, but may not be withdrawn from the library by them. Provision has been made for funds to acquire new volumes as they appear.

### Natural Business Year

The Natural Business Year Council, which recently initiated, with the cooperation of the research and statistical division of Dun and Bradstreet, Inc., a new series of bulletins intended to recommend natural fiscal year closing dates for the accounts and annual statements of a wide variety of lines of business and industry, has just made public the second bulletin in the series. It is devoted to the radio manufacturing industry, with particular stress on home sets manufacture.

The closing date recommended for the radio sets manufacturing field is March 31st. The following reasons are given in the bulletin as supporting this choice: (1) Sales, inventories, and receivables would commonly be at or about their lowest annual levels; (2) March 31st being at the end of the first quarter of the calendar year, comparison of figures compiled on a quarterly basis could be made with quarterly data from concerns or industries using the calendar year.

The bulletin states:

“Where automobile radios constitute a substantial part of the volume of production, the combined seasonal effect of household and automobile

radios might make December 31st a more desirable fiscal closing date.”

The bulletin details seasonal variations in the radio manufacturing field, as follows:

“*Sales.*—Manufacturers commonly announce new models of home radios annually in May to the dealers, and about one month later to the public. The slack summer period gives opportunities to test public reaction to the new models and to build up production and dealers’ stocks on those models found to be most popular. Manufacturers’ shipments of home sets build up throughout the summer to a peak in September or October, thus preparing distributors to meet the November or December peak of consumer buying. The year’s low point comes in February or March.

“New models of automobile radios are commonly announced at the automobile show in November or in mid-winter, but the significant volume of manufacturers’ shipments is concentrated in the period between April until October, with a peak about June.

“*Inventories.*—Materials and parts are commonly purchased as needed, so that inventory fluctuations are largely in terms of finished goods. Manufacturers’ inventories are commonly at their low point of the year at the end of February, March or April. Stocks are usually built up somewhat before announcement of new models in order to supply dealers with floor samples, and inventories increase through the summer in preparation for increased fall shipments. As a result of the difference in seasonal character mentioned above, inventories of automobile radios probably reach their high in the late winter or early spring in preparation for shipment of dealers’ orders late in the spring.

“*Receivables.*—The usual terms of sale are two per cent 10 days, net 10 days EOM. Probably the majority of manufacturers also extend fall datings to wholesalers on shipments made during

the summer, sometimes with arrangements providing for serial payments 30, 60 and 90 days after shipment. Practically all of these collections are completed by October or November; hence receivables reach their high point late in the summer or early in the fall. The combined effect of collections and decreasing sales leads to a low point in receivables (for shipments of home radios) in February, March or April.

"Receivables created by the sale of automobile radios increase somewhat in the spring, but probably reach their high point in early or midsummer, returning to a low about November.

"*Current Liabilities.*—A number of the leading concerns in the industry are so strongly financed that working capital is adequate for maximum requirements. Bank loans to concerns in the industry that borrow are commonly for the purpose of financing increased inventories during May, June and July, and/or heavy receivables during those months and on into early fall. Such loans are commonly reduced during the fall and completely liquidated before the end of the year. This means that, as far as the manufacture of home radio sets is concerned, current liabilities would be likely to reach their low point along with sales and inventories in the early spring."

With respect to present accounting practice among radio manufacturers, the bulletin reports:

"The Census of Manufactures estimates that between five and ten per cent of the radio manufacturing establishments observe a fiscal year other than the calendar year. Fiscal closing dates of fourteen radio manufacturers tabulated by the National Credit Office are as follows: six on December 31st; one each on January 31st, April 30th, June 30th, July 31st, and September 30th; and three on February 28th.

"No previous recommendation for a fiscal closing date for the radio manufacture industry has been issued by the Natural Business Year Council. One of

the leading members of the industry recently changed its fiscal closing date from March 31st to December 31st because the development of refrigerators and other household appliances had eliminated the seasonal character of its business."

### American Women C.P.A.'s

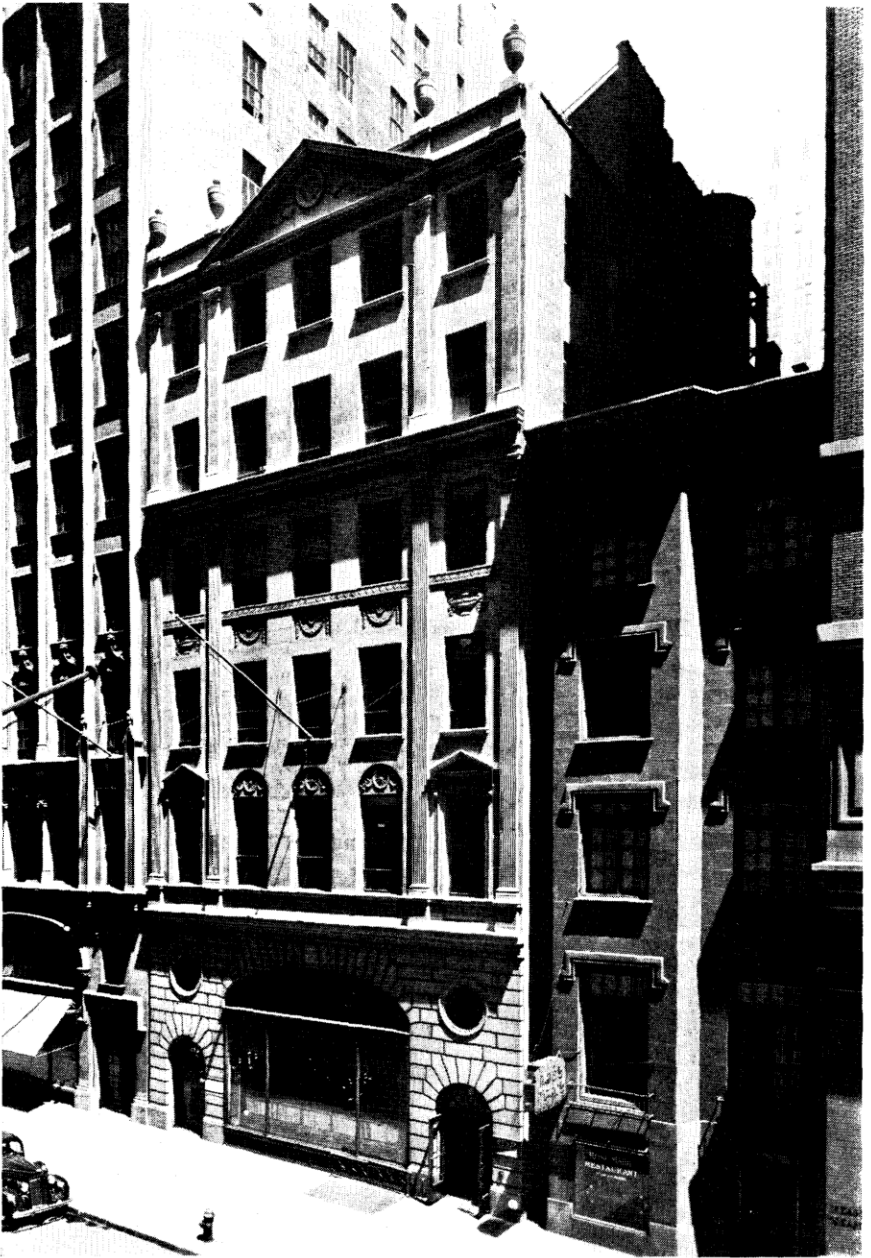
The Indianapolis chapter of the American Woman's Society of Certified Public Accountants elected Mrs. Ida S. Broo as chapter president at a meeting held at the Hotel Washington, Indianapolis, June 15th. Other officers elected at the same meeting are Miss Elizabeth Cook, secretary, and Miss Katherine Kaercher, treasurer. The newly elected president stated that the purpose of the organization is to improve the standards and opportunities of women in the profession.

### D. W. Springer Honored by Michigan Association

At the annual meeting of the Michigan Association of Certified Public Accountants, held at Detroit June 9th, D. W. Springer was presented with a silver-bound book containing letters from scores of accountants in all parts of the country congratulating him on the completion of 25 years as secretary of the Michigan State Board of Accountancy. The book was presented by David Smith, a past president of the Michigan Association.

It was announced at the same meeting that Mr. Springer had been awarded the degree of "Doctor of Science in Accountancy" by the Detroit Institute of Technology.

The meeting was marked by the largest membership attendance ever experienced at an annual meeting of the Michigan Association. On page 22 of this issue are the names of the new officers of the association, elected at this meeting.



THE NEW  
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## New York State Chapter Conference

Round-table discussions on the subjects of the natural business year and advancing the interests of the profession of accounting were among items of interest on the program of the fifth annual regional chapter conference of the New York State Society of Certified Public Accountants held at Inlet, N. Y., June 24 to 26.

The conference was sponsored by the Albany, Buffalo, Rochester, and Syracuse chapters of the New York State society, and attracted a registration of almost 100 professional accountants from the chapter cities and from the New York metropolitan area. The American Institute of Accountants was represented by Frank A. Gale, assistant secretary.

Other subjects discussed at the conference included *A Statement of Accounting Principles*, published by the American Institute of Accountants, and audit working papers and auditors' liability. At the conference session held Saturday night, June 25, J. A. Voss, of Cleveland, director of industrial relations of the Republic Steel Company, spoke on labor relations.

Morris C. Troper, president of the New York State Society, was general chairman of the conference, which opened with discussion of the subject of advancing the interests of the certified public accountant, on Friday afternoon, June 24. William J. Nusbaum, president of the Albany chapter, presided at the session. The speakers approached the subject from the viewpoints of education, the contribution of the individual accountant, the contribution of the state society of certified public accountants, the part the C.P.A. examiner plays in contributing toward development of the profession,

and the role of public relations in promoting the interests of accountancy.

Discussion on the subject of the natural business year was held on Friday evening, June 24, following an address by Ralph S. Johns, of New York, chairman of the special committee on natural business year of the American Institute. Ralph S. Good presided at the session.

The second day of the conference opened with a golf and tennis tournament in the morning. After luncheon, the conference was called to order by President Troper, who introduced Dr. D. W. Morton, of Syracuse, as the session chairman. Then followed the round-table discussion under the subjects of *A Statement of Accounting Principles* and audit working papers and auditors' liability.

At the session Saturday night, the chairman was James L. Strong, of Buffalo. He introduced Edwin Leffler, of that city, who presented prizes to winners in the golf and tennis competitions of the morning. The Victor H. Stempf trophy for low gross score in golf was awarded to Charles H. Dyson, and the James F. Hughes trophy for low net score was won by G. Charles Hurdman. The Syracuse chapter team, whose members were George E. Bennett and William A. Newman Jr., won the F. H. Hurdman golf trophy for chapter team competition. The Morris C. Troper tennis trophy was won for the second time by Frederick M. Bruell, of New York. Other prizes were awarded to Messrs. Norman E. Webster; Irving Simon, of Albany; Joseph Getz and Maurice Fried, of New York.

After the presentation of prizes, Mr. Voss presented his address. He was heard by a large audience, which included members and guests of the New York State Society and its chapters, and four women C.P.A.'s, the Misses

Gertrude Priester, Ellen Libby Eastman, Miriam Rosenblum and Flora Kaufman. Miss Priester presented a brief talk following the address by Mr. Voss. The thanks of the conference were voted to Wentworth F. Gantt, assistant to the president of the New York State Society, for his skilful work in making the conference arrangements.

Sunday, June 26th, the third day of the conference, was given over to recreation.

### **Methods of Organization**

Interesting facts about the budgets, membership, office methods, staffs, and fiscal years of state societies of certified public accountants are revealed in a survey recently made by Morris C. Troper, of New York, chairman of the Advisory Council of State Society Presidents.

Up to the time of publication of the July CERTIFIED PUBLIC ACCOUNTANT, Chairman Troper had received information about their yearly programs from 26 of the 47 state societies. The reports show ten members to be the lowest total reported and 2,863 members and associates to be the highest total, this reported by the New York State Society of Certified Public Accountants. Chairman Troper has just been re-elected president of that society.

Budgets reported range from a minimum of \$125 to a maximum of \$52,750. Two states report they have no budgets at the present time. Fiscal years reported by the 26 societies include the following dates and the total of societies using them for their accounts: March 31st, 2; April 30th, 4; May 31st, 6; June 1st, 1; June 30th, 5; July 31st,

1; August 31st, 3; September 30th, 1; October 1st, 1; November 30th, 1. One state society reports its fiscal year closes the Friday after Labor Day each year.

Four societies in the 26 reporting maintain permanent office headquarters. Three employ executive assistants—two part-time and one full time. Three employ clerical or stenographic assistants. One society has seven clerical assistants on a full-time basis.

Thirteen societies report that detail work of the year's program is handled by the officers, or by officers and committees. The officers of three state organizations handle detail work with the assistance of their own office staffs. In four states, the work is handled by the secretary, who receives an honorarium for his services. Two societies have part-time secretaries and stenographic assistants.

Seven state societies, according to information furnished in response to the survey questionnaire, are planning to establish permanent offices and are considering permanent or part-time office staffs. One state society has a permanent office with a permanent staff. Eighteen societies report they do not plan to establish permanent offices.

The survey shows that state societies charge dues ranging from \$5 annually to \$10 and \$12.50. One society has a dues level of \$25 annually for resident members, \$15 for associates and \$7.50 for nonresidents. This same society has two nonresident life members on a basis of \$12.50 annually each. Two of the reporting states have annual dues of \$15. Incomes of the reporting societies range from \$110 to \$55,564.42. Twelve societies report annual incomes exceeding \$1,000.

## Meetings and Elections

### Rhode Island Society of C.P.A's

*Date:* June 21, 1938.

*Place:* Providence.

*Speaker:* James V. Giblin, editor-in-chief of the Alexander Publishing Company, on the revenue act of 1938.

### California State Society of C.P.A's

*Date:* June 17 and 18, 1938. Annual meeting.

*Place:* Los Angeles.

*Speakers:* William J. Mahaney, attorney with the Securities and Exchange Commission, on recent trends in S.E.C. requirements.

Frank G. Short, on accounting in the wine industry.

Reed McClung, dean of School of Commerce, University of Southern California.

H. G. Bowles, on the "average" investor's attitude toward and difficulties with financial statements and what he would like to see in them.

George W. Sims, on inventory verification.

*Round tables:* "Changes Effected by the Revenue Act of 1938."

Melvin D. Wilson, leader.

Robert Buchanan, participant.

Walter K. Mitchell, participant.

"Accepted Principles of Accounting."

John R. White, leader.

Major Albert J. Watson, participant.

Weldon Powell, participant.

*Election of officers:* See page 19.

### Los Angeles Chapter

*Date:* June 6, 1938. Annual meeting.

*Speakers:* J. William Hope, past president of the Connecticut Society of C.P.A's, on competitive bidding.

*Elections:* See page 19.

### New Jersey Society of C.P.A's

*Date:* May 31, 1938.

*Place:* Newark.

*Speakers:* James V. Giblin, editor-in-chief of the Alexander Publishing Company, on the revenue act of 1938.

### North Carolina Association of C.P.A's

*Date:* June 23, 24 and 25, 1938. Annual convention.

*Place:* Wilmington.

*Speakers:* Solicitor John J. Burney, of Wilmington, N. C.

Hon. Thomas E. Cooper, Mayor, city of Wilmington.

Cyrus D. Hogue, Wilmington, N. C.

Richard E. Thigpen, of Charlotte, N. C., on current taxation.

*Elections:* See page 24.



## Announcements

E. A. Bertholf announces the dissolution of the firm of Bertholf, McClure & Company, 318 Liberty Bldg., Des Moines, Iowa. Mr. Bertholf will continue in practice at 440 Insurance Exchange Bldg., Des Moines, under the firm name E. A. Bertholf & Company.

Dwight N. Burnham, of Washington, D. C., recently addressed the Graphic Arts Association of the District of Columbia on the revenue act of 1938.

William B. Franke, Raymond J. Hannon, and Howard A. Withey, who have been engaged in the practice of accountancy under the name of Franke, Graef & Hannon, announce that effective July 1, 1938, the name of the partnership is changed to Franke, Hannon & Withey.

Gladstone Cherry & Co. announce the removal of their office to the Plankinton Bldg., Milwaukee, Wis.

Hall, Fisher and Smith announce the opening of a Miami, Florida, office at American Bank Bldg. J. W. Olshen will be in charge.

George K. Hyslop and William D. Boehm, 76 Beaver St., New York, N. Y., announce the dissolution of their firm as of May 31, 1938.

George K. Hyslop announces the continuation of his practice at 18 East 48th St., New York, N. Y.

William D. Boehm, former partner of Hyslop & Boehm, announces the formation of W. D. Boehm & Company. Howard J. Dilg and John J. Pindar, of New York, are members of the present company.

Leach, Rindfleisch & Scott, of Richmond and Winchester, Va., announce that Frank

S. Calkins has become a member of the firm.

Coleburke Lyons, who has been associated for the past year with Fletcher, Van Tiffin & Ross, 3110 Book Tower, Detroit, Mich., became a partner as of June 1, 1938.

Arthur P. Monk & Company announce the removal of their offices to 43 Leonard St., New York, N. Y.

Thomas M. O'Neill announces the continuation of his accounting practice under the name of Thomas M. O'Neill & Co., with offices at 1518 Walnut St., Philadelphia, Pa.

Charles L. Richardson announces the formation of a firm under the name of C. L. Richardson and Co., with offices in the I. N. Van Nuys Bldg. at 210 West 7th St., Los Angeles, Calif.

Charles F. Rittenhouse, of Boston, Mass., is to give a course in accounting at the summer session of the law school of the University of Colorado, at Boulder.

Rosenthaler, Shekell & Company announce the removal of their offices to 1863 National Bank Bldg., Detroit, Mich.

Charles W. Tucker, of Boston, Mass., has been elected president of the New England Control of the Controllers Institute of America.

W. W. Vincent announces the opening of his office at 1406 Woodside Bldg., Greenville, S. C.

William B. Weinberger announces the removal of his office to the Rafel Bldg., 67 West 44th St., New York, N. Y.

## Officers of State Societies

For general information and for the convenience of those who may have occasion to enter into correspondence with officers of state accounting societies, there is presented in the following pages a compilation of the officers of each state society and chapter, based upon the latest information in the records of the Institute. Reprints of these pages will be made available to officers of state societies and others to whom they would be useful.

### Alabama Society of C.P.A.'s

#### *Annual Meeting—May*

PRESIDENT—James J. Scarborough, 810 Jackson Bldg., Birmingham.  
SECRETARY-TREASURER—C. H. Knight, Tuscaloosa.

### Arizona Society of Public Accountants

#### *Annual Meeting—November*

PRESIDENT—Thomas J. Elliott, Valley National Bank Bldg., Tucson.  
VICE-PRESIDENT—Dixon Fagerberg, Jr., Box 3997, Luhrs Station, Phoenix.  
SECRETARY—Daphne H. Latham, 400 Title & Trust Bldg., Phoenix.  
TREASURER—James C. Eikner, 401 Security Bldg., Phoenix.

### Arkansas Society of C.P.A.'s

#### *Annual Meeting—October*

PRESIDENT—John L. Swofford, 809 First National Bank Bldg., Fort Smith.  
VICE-PRESIDENT—James V. Stewart, 216 Commercial National Bank Bldg., Little Rock.  
SECRETARY-TREASURER—R. A. Lile, 1110 Boyle Bldg., Little Rock.

### California State Society of C.P.A.'s

#### *Annual Meeting—June*

PRESIDENT—A. DeWitt Alexander, 620 Market St., San Francisco.

FIRST VICE-PRESIDENT—J. B. Scholefield, Van Nuys Bldg., Los Angeles.

SECOND VICE-PRESIDENT—Albert J. Watson, 235 Montgomery St., San Francisco.

SECRETARY-TREASURER—B. W. Bours, 620 Market St., San Francisco.

#### *Fresno Chapter:*

PRESIDENT—Thomas C. Roberson, 2341 Hedges St., Fresno.

VICE-PRESIDENT—C. E. Bradford, 2014 Tulane St., Fresno.

SECRETARY-TREASURER—M. A. Martin, 4529 Iowa Ave., Fresno.

#### *Los Angeles Chapter:*

PRESIDENT—Oscar Moss, 510 West 6th St., Los Angeles.

VICE-PRESIDENT—Thornton G. Douglas, 530 West 6th St., Los Angeles.

SECRETARY-TREASURER—James A. Caster, 802 Rives-Strong Bldg., Los Angeles.

#### *San Francisco Chapter:*

PRESIDENT—Louis H. Penney, 235 Montgomery St., San Francisco.

VICE-PRESIDENT—Frank G. Short, 155 Sansome St., San Francisco.

SECRETARY-TREASURER—B. W. Bours, 620 Market St., San Francisco.

### Colorado Society of C.P.A.'s

#### *Annual Meeting—May*

PRESIDENT—Stanley V. Davies, 920 U. S. National Bank Bldg., Denver.

VICE-PRESIDENT—Thomas E. Stanley, 814 University Bldg., Denver.

SECRETARY-TREASURER—Lawrence D. Wilch, 1031 U. S. National Bank Bldg., Denver.

ASST. SECRETARY-TREASURER—F. C. Hendee, 606 Denver National Bank Bldg., Denver.

### Connecticut Society of C.P.A.'s

#### *Annual Meeting—June*

PRESIDENT—Guy Cambria, Middletown Savings Bank Bldg., Middletown.

VICE-PRESIDENT—Milton H. Friedberg, 955 Main St., Bridgeport.  
 SECRETARY—Irville A. May, 241 Orange St., New Haven.  
 TREASURER—C. Leonard Johnson, 205 Church St., New Haven.  
 AUDITOR—Albert Dixon, Jr., 750 Main St., Hartford.

### Delaware Society of C.P.A.'s

PRESIDENT—Clifford E. Iszard, du Pont Bldg., Wilmington.  
 VICE-PRESIDENT—Alfred H. Coe, 4154 du Pont Bldg., Wilmington.  
 SECRETARY—Medford H. White, du Pont Bldg., Wilmington.

### District of Columbia Institute of C.P.A.'s

#### *Annual Meeting—June*

PRESIDENT—Raymond M. Florance, Earle Bldg., Washington, D. C.  
 VICE-PRESIDENT—John Berg, 815 15th St., N.W., Washington, D. C.  
 SECRETARY-TREASURER—Frederick M. Blum, 517 Mills Bldg., Washington, D. C.

### Florida Institute of Accountants

#### *Annual Meeting—May*

PRESIDENT—H. M. Turnburke, Manson Arcade, Clearwater.  
 VICE-PRESIDENTS—E. C. Work, Box 262, Bagdad; James I. Keller, 1407 Security Bldg., Miami; Russell S. Bogue, 905 Citizens Bank Bldg., Tampa.  
 SECRETARY—Charles H. Lindfors, Sweet Bldg., Fort Lauderdale.  
 TREASURER—Ira J. Varnedoe, Rogers Bldg., Jacksonville.

#### *St. Petersburg Chapter:*

PRESIDENT—Lee C. Shepard, Box 661, St. Petersburg.  
 VICE-PRESIDENT—Elon R. Sheldon, 420 Southern National Bank Bldg., St. Petersburg.  
 SECRETARY—N. E. Irvine, Box 2827, St. Petersburg.  
 TREASURER—H. M. Turnburke, Manson Arcade, Clearwater.

#### *Jacksonville Chapter:*

PRESIDENT—J. W. Burke, 1312 Barnett National Bank Bldg., Jacksonville.

VICE-PRESIDENT—George H. Ford, Rogers Bldg., Jacksonville.  
 SECRETARY—O. J. Oosterhoudt, 1312 Barnett National Bank Bldg., Jacksonville.  
 TREASURER—Ira J. Varnedoe, Rogers Bldg., Jacksonville.

#### *Tampa Chapter:*

PRESIDENT—Russell S. Bogue, 905 Citizens Bank Bldg., Tampa.  
 VICE-PRESIDENT—Clifford A. Edwards, 302 First National Bank Bldg., Tampa.  
 SECRETARY—Jim Quinn, 1002 First National Bank Bldg., Tampa.  
 TREASURER—A. E. Collins, Box 904, Tampa.

### Georgia Society of C.P.A.'s

#### *Annual Meeting—May*

PRESIDENT—Brooks Geoghegan, 504 Happ Bldg., Macon.  
 VICE-PRESIDENTS—Henry F. Meyer, Box 1311, Savannah; Embry M. Kendrick, Georgia Savings Bank Bldg., Atlanta.  
 SECRETARY—L. E. Campbell, 206 Law Bldg., Emory University.  
 TREASURER—T. F. Mauldin, 410 Citizens & Southern National Bank Bldg., Atlanta.  
 LIBRARIAN—Joel Hunter, Jr., Trust Company of Georgia Bldg., Atlanta.

#### *Atlanta Chapter:*

CHAIRMAN—Marvin F. Pixton, 1315 First National Bank Bldg., Atlanta.  
 FIRST VICE-CHAIRMAN—Lewis L. Davis, Box 4418, Atlanta.  
 SECOND VICE-CHAIRMAN—Thomas M. Weber, Jr., 509 First National Bank Bldg., Atlanta.  
 SECRETARY—P. W. Christian, Red Rock Bldg., Atlanta.  
 TREASURER—F. M. Nash, Jr., Healey Bldg., Atlanta.

#### *Augusta Chapter:*

CHAIRMAN—A. T. Murphy, Union Savings Bank Bldg., Augusta.  
 VICE-CHAIRMAN—William A. Herman, Jr., 1023 S.F.C. Bldg., Augusta.  
 SECRETARY—Walter H. Lynch, Jr., c/o George C. Baird & Co., 1503 Southern Finance Bldg., Augusta.  
 TREASURER—Lewis Glasser, 407 Herald Bldg., Augusta.

*Columbus Chapter:*

CHAIRMAN—Roy Burns, Box 1285, 1346 Broadway, Columbus.  
 VICE-CHAIRMAN—H. E. Trost, Box 951, Columbus.  
 SECRETARY-TREASURER—James H. Willis, 312 Columbus Bank & Trust Co. Bldg., Columbus.

*Macon Chapter:*

CHAIRMAN—Linton D. Baggs, Jr., 308 Second St., Macon.  
 VICE-CHAIRMAN—Albert L. Norris, Happ Bldg., Macon.  
 SECRETARY-TREASURER—T. W. Clifton, Court House, Macon.

*Savannah Chapter:*

CHAIRMAN—Henry F. Meyer, Box 1311, Savannah.  
 FIRST VICE-CHAIRMAN—Peter F. Gould, Brunswick.  
 SECOND VICE-CHAIRMAN—Harry R. Friedman, 615 Blum Bldg., Savannah.  
 SECRETARY-TREASURER—Eugene E. Behnken, 908 Liberty Bank Bldg., Savannah.

**Hawaii Society of C.P.A.'s**

*Annual Meeting—August*

PRESIDENT—Edward J. Greaney, 432 Dillingham Transportation Bldg., Honolulu.  
 VICE-PRESIDENT—James F. Small, Territorial Bldg., Honolulu.  
 SECRETARY-TREASURER—Jean J. Delpech, Stangenwald Bldg., Honolulu.

**Idaho Society of C.P.A.'s**

*Annual Meeting—December*

PRESIDENT—Louis F. Diehl, 215 N. 7th St., Boise.  
 VICE-PRESIDENT—Truman Joiner, 205 Eastman Bldg., Boise.  
 SECRETARY-TREASURER—Jeremiah W. Robinson, First National Bank Bldg., Boise.

**Illinois Society of C.P.A.'s**

*Annual Meeting—September*

PRESIDENT—Hiram T. Scovill, 217 Commerce Bldg., Urbana.  
 VICE-PRESIDENT—Edward B. Wilcox, 125 West Madison St., Chicago.  
 SECRETARY-TREASURER—Frank Ahlforth, 1 N. LaSalle St., Chicago.

**Indiana Association of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—O. C. Herdrich, 803 Electric Bldg., Indianapolis.  
 VICE-PRESIDENT—Gregory F. Detmer, 530 Lincoln Tower, Fort Wayne.  
 SECRETARY—John S. Lloyd, 510 Guaranty Bldg., Indianapolis.  
 TREASURER—Floyd H. Kirlin, 307 Peoples Bank Bldg., Indianapolis.

*Northern Indiana Chapter:*

PRESIDENT—J. Russell Wharton, 824 J. M. S. Bldg., South Bend.  
 VICE-PRESIDENT—Walter S. Goedecke, 504 Broadway, Gary.  
 SECRETARY-TREASURER—Gordon S. Crispin, Box 476, South Bend.

**Iowa Society of C.P.A.'s**

*Annual Meeting—October*

PRESIDENT—I. B. McGladrey, 1020 Merchants National Bank Bldg., Cedar Rapids.  
 VICE-PRESIDENT—Sidney L. Taylor, 509 Warnock Bldg., Sioux City.  
 SECRETARY—William A. Shute, 417 First National Bank Bldg., Waterloo.  
 TREASURER—Glen S. Worden, 561 28th St., Des Moines.

**Kansas Society of C.P.A.'s**

*Annual Meeting—September*

PRESIDENT—Cliff C. Stevenson, 401 Commerce Bldg., Pittsburg.  
 VICE-PRESIDENT—M. J. Kennedy, Putnam Bldg., Salina.  
 SECRETARY-TREASURER—Frederick B. Kubik, 509 Brown Bldg., Wichita.

*Wichita Chapter:*

PRESIDENT—Albert R. Wood, 811 Beacon Bldg., Wichita.  
 VICE-PRESIDENT—Frederick B. Kubik, 509 Brown Bldg., Wichita.  
 SECRETARY-TREASURER—Ivan M. West, c/o Lunsford, Barnes & Co., Wichita.

**Kentucky Society of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—Eugene M. Heimerdinger, 712 Louisville Trust Bldg., Louisville.  
 FIRST VICE-PRESIDENT—L. C. J. Yeager, Louisville Trust Bldg., Louisville.

SECOND VICE-PRESIDENT—Buell E. Henry, 403 Hilliard Bldg., Louisville.  
 SECRETARY-TREASURER—Clifton R. Es-cott, 412 Lincoln Bank Bldg., Louisville.

### **Society of Louisiana C.P.A.'s**

#### *Annual Meeting—April*

PRESIDENT—Edw. S. Rittler, 630 Audubon Bldg., New Orleans.  
 VICE-PRESIDENT—Lucien J. Moret, 1027 Whitney Bank Bldg., New Orleans.  
 SECRETARY—George A. Treadwell, 919 Union Indemnity Bldg., New Orleans.  
 TREASURER—John A. Peyroux, American Bank Bldg., New Orleans.

#### *North Louisiana Chapter:*

PRESIDENT—Ralph Eglin, Box 1342, Shreveport.  
 VICE-PRESIDENT—H. G. Pearson, Farm Credit Administration, Hibernia Bank Bldg., New Orleans.  
 SECRETARY—Buford D. Battle, 257 Rutherford Place, Shreveport.  
 TREASURER—Claude M. Pasquier, 1105 Slattery Bldg., Shreveport.

### **Maine Society of Public Accountants**

#### *Annual Meeting—December*

PRESIDENT—Richard M. Millett, 1010 Fidelity Bldg., Portland.  
 VICE-PRESIDENT—Harold C. Jordan, 465 Congress St., Portland.  
 SECRETARY—Stephen W. Sawyer, 119 Exchange St., Portland.  
 TREASURER—Maynard H. Shaw, 465 Congress St., Portland.

### **Maryland Association of C.P.A.'s**

#### *Annual Meeting—June*

PRESIDENT—James L. Benson, 1827 Munsey Bldg., Baltimore.  
 VICE-PRESIDENT—John L. McKewen, 1231 Baltimore Trust Bldg., Baltimore.  
 SECRETARY—J. Elwood Armstrong, Jr., 2233 E. Federal St., Baltimore.  
 TREASURER—Carroll F. Davis, 1001 Calvert Bldg., Baltimore.  
 AUDITOR—H. Cleveland Logue, 308 American Bldg., Baltimore.

### **Massachusetts Society of C.P.A.'s, Inc.**

#### *Annual Meeting—May*

PRESIDENT—Anthony Jaureguy, 75 Federal St., Boston.

VICE-PRESIDENT—J. Harold Stewart, 50 State St., Boston.

SECRETARY—Albert E. Hunter, 80 Federal St., Boston.

TREASURER—Edward J. McDevitt, Jr., 1 Federal St., Boston.

AUDITOR—Ethel S. Kingman, 211 Congress St., Boston.

### **Michigan Association of C.P.A.'s**

#### *Annual Meeting—June*

PRESIDENT—Roland B. Keays, 2035 Dime Bank Bldg., Detroit.

VICE-PRESIDENT—Raymond F. Knape, 510 Peoples Bank Bldg., Detroit.

TREASURER—Harold W. Scott, 1601 National Bank Bldg., Detroit.

AUDITOR—Charles T. Cassel, 902 Cadillac Square Bldg., Detroit.

#### *Central Michigan Chapter:*

PRESIDENT—Ray C. Lynn, 208 North Capital Ave., Lansing.

VICE-PRESIDENT—E. M. Stanton, 1211 Old Merchants Tower, Battle Creek.

SECRETARY-TREASURER—Lyle D. Hepfer, 1207 Walsh St., Lansing.

#### *Eastern Chapter:*

PRESIDENT—Phillip E. Hartman, 606 Bearinger Bldg., Saginaw.

VICE-PRESIDENT—Frank H. Hawes, Citizens Bank Bldg., Flint.

TREASURER—George A. Bourbonnais, 506 Bearinger Bldg., Saginaw.

#### *Western Michigan Chapter:*

PRESIDENT—C. S. McEwan, 905 Grand Rapids Trust Bldg., Grand Rapids.

VICE-PRESIDENT—A. J. VanKeppel, 1001 Grand Rapids Trust Bldg., Grand Rapids.

SECRETARY—R. E. Weaver, 924 Grand Rapids National Bank Bldg., Grand Rapids.

TREASURER—G. A. Veltman, 2351 Plainfield Ave., N. E., Grand Rapids.

### **Minnesota Society of C.P.A.'s**

#### *Annual Meeting—May*

PRESIDENT—A. E. Larsen, 718 Baker Bldg., Minneapolis.

FIRST VICE-PRESIDENT—Alfred W. Murdock, E-1312 First National Bank Bldg., St. Paul.

SECOND VICE-PRESIDENT—Karl F. Honigman, 606 Lonsdale Bldg., Duluth.

SECRETARY—Edwin L. Pearson, 510 Essex Bldg., Minneapolis.  
 TREASURER—Leonard J. Byers, 1212 Pioneer Bldg., St. Paul.

**Mississippi Society of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—Dick D. Quin, 515 Lampton Bldg., Jackson.  
 VICE-PRESIDENT—Silas Simmons, Room 5, Fry Bldg., Natchez.  
 SECRETARY-TREASURER—A. L. Evans, 606 Nat'l Bank of Gulfport Bldg., Gulfport.

**Missouri Society of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—John J. Lang, 801 LaSalle Bldg., St. Louis.  
 FIRST VICE-PRESIDENT—Paul F. Swantee, 1305 Commerce Bldg., Kansas City.  
 SECOND VICE-PRESIDENT—William Charles, 506 Olive St., St. Louis.  
 SECRETARY—Alvin J. Benner, 317 N. 11th St., St. Louis.  
 TREASURER—F. G. Buenger, Commerce Bldg., Kansas City.

*Kansas City Chapter:*

PRESIDENT—Paul F. Swantee, 1305 Commerce Bldg., Kansas City.  
 FIRST VICE-PRESIDENT—Elmer W. Ross, 1325 Commerce Bldg., Kansas City.  
 SECOND VICE-PRESIDENT—Frederic H. Smith, 1026 Dwight Bldg., Kansas City.  
 SECRETARY—A. Henry Cuneo, 1220 Commerce Bldg., Kansas City.  
 TREASURER—Francis E. Teel, Finance Bldg., Kansas City.

*St. Louis Chapter:*

PRESIDENT—Louis J. Kerber, 112 N. 4th St., St. Louis.  
 FIRST VICE-PRESIDENT—Robert C. Mare, 506 Olive St., St. Louis.  
 SECOND VICE-PRESIDENT—W. L. Hausman, 1407 Boatmen's Bank Bldg., St. Louis.  
 SECRETARY—Harold C. Fechner, 506 Olive St., St. Louis.  
 TREASURER—Henry C. Helm, 901 Ambassador Bldg., St. Louis.

**Montana Society of C.P.A.'s**

*Annual Meeting—November*

PRESIDENT—Anton Gerharz, Securities Bldg., Billings.

VICE-PRESIDENT—J. M. Stotesbury, Gallatin Trust & Savings Bank Bldg., Bozeman.

SECRETARY—R. A. Lathom, 21 Clark Ave., Billings.

**Nebraska Society of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—Henry Moeller, Omaha National Bank Bldg., Omaha.  
 VICE-PRESIDENT—Robert H. VanBoskirk, 401 Bankers Life Bldg., Lincoln.  
 SECRETARY—Wilbur R. Irwin, Insurance Bldg., Omaha.  
 TREASURER—Kenneth Lambie, c/o Hanson Audit Co., Fremont.

**New Hampshire Society of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—J. Ben Hart, Amoskeag Bank Bldg., Manchester.  
 VICE-PRESIDENT—Hiram Haskell, Bell Bldg., Manchester.  
 SECRETARY-TREASURER—Bernard H. Dwight, 629 Auburn St., Manchester.

**New Jersey Society of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—John A. Conlin, Federal Trust Bldg., Newark.  
 FIRST VICE-PRESIDENT—Theodore Krohn, 9 Clinton St., Newark.  
 SECOND VICE-PRESIDENT—C. P. King, 82 Beaver St., New York.  
 SECRETARY—Harold A. Eppston, 972 Broad St., Newark.  
 TREASURER—John W. Queenan, 744 Broad St., Newark.  
 AUDITORS—Lewis M. Sternrich, 60 Park Place, Newark; Frank Rea, 64 Hamilton St., Paterson.

**New Mexico Society of C.P.A.'s**

*Annual Meeting—July*

PRESIDENT—W. Ernest Hammond, 816 First National Bank Bldg., Albuquerque.  
 VICE-PRESIDENT—Jesse B. Murray, 203 Short Bldg., Carlsbad.  
 SECRETARY-TREASURER—Lon M. Fletcher, 18 McNabb Bldg., Albuquerque.

**New York State Society of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—Morris C. Troper, 521 Fifth Ave., New York.

FIRST VICE-PRESIDENT—Victor H. Stempf, 80 Maiden Lane, New York.

SECOND VICE-PRESIDENT—A. S. Fedde, 110 William St., New York.

SECRETARY—G. Charles Hurdman, 31 Mamaroneck Ave., White Plains.

TREASURER—Archie F. Reeve, 90 Broad St., New York.

ASSISTANT TO PRESIDENT—Wentworth Gantt, 30 Broad St., New York.

#### *Albany Chapter:*

PRESIDENT—William J. Nusbaum, 100 State St., Albany.

VICE-PRESIDENT—John B. Cantwell, 100 State St., Albany.

SECRETARY—Eugene J. Steiner, 90 State St., Albany.

TREASURER—Irving L. Simon, 75 State St., Albany.

#### *Buffalo Chapter:*

PRESIDENT—James L. Strong, 2019 Liberty Bank Bldg., Buffalo.

VICE-PRESIDENT—Edward P. Klingemeier, 542 Marine Trust Bldg., Buffalo.

SECRETARY—Elmer Joseph Geser, 1716 Rand Bldg., Buffalo.

TREASURER—Jerome P. Hausle, 1635 Marine Trust Bldg., Buffalo.

#### *Rochester Chapter:*

PRESIDENT—Ralph S. Good, 220 Cutler Bldg., Rochester.

VICE-PRESIDENT—Robert Thomas Morrow, Lincoln-Alliance Bank Bldg., Rochester.

SECRETARY—T. Harlow Andrews, Controller, County of Monroe (State of New York), Rochester.

TREASURER—Herman A. Miller, 31 Exchange St., Rochester.

#### *Syracuse Chapter:*

PRESIDENT—D. Walter Morton, 309 University Block, Syracuse.

VICE-PRESIDENT—William H. Davis, 402 First Trust & Deposit Bldg., Syracuse.

SECRETARY-TREASURER—Wendell N. Butler, City Bank Bldg., Syracuse.

### **North Carolina Association of C.P.A.'s**

#### *Annual Meeting—June*

PRESIDENT—Elton B. Taylor, Latta Arcade, Charlotte.

VICE-PRESIDENT—John F. Prescott, Security Bank Bldg., Raleigh.

SECRETARY—Vance Huggins, Johnston Bldg., Charlotte.

TREASURER—Earle E. Peacock, University of North Carolina, Chapel Hill.

### **North Dakota Society of C.P.A.'s**

PRESIDENT—Arthur Blegen, 412 Black Bldg., Fargo.

VICE-PRESIDENT—Palmer C. Bakken, 410 Main St., Bismark.

SECRETARY-TREASURER—Floyd L. Castle, 303 Security Bldg., Grand Forks.

### **Ohio Society of C.P.A.'s**

#### *Annual Meeting—October*

PRESIDENT—Homer L. Dalton, 1909 Ohio Bank Bldg., Toledo.

VICE-PRESIDENT—Gordon S. Battelle, 121 W. Second St., Dayton.

SECRETARY-TREASURER—Harry W. Cuthbertson, 510 West Monument Bldg., Dayton.

#### *Cincinnati Chapter:*

PRESIDENT—Edward A. Voge, 1312 First National Bank Bldg., Cincinnati.

VICE-PRESIDENT—Oliver W. Seifert, 3815 Carew Tower, Cincinnati.

SECRETARY-TREASURER—J. Leslie Brown, 807 Chamber of Commerce Bldg., Cincinnati.

#### *Cleveland Chapter:*

PRESIDENT—Edward L. Pitt, 1052 Hanna Bldg., Cleveland.

VICE-PRESIDENT—C. Herbert Cox, 730 Guardian Bldg., Cleveland.

SECRETARY-TREASURER—Willis E. Lewis, 839 Guardian Bldg., Cleveland.

#### *Columbus Chapter:*

PRESIDENT—Frank A. Boland, 33 N. High St., Columbus.

VICE-PRESIDENT—W. E. Dickerson, 87 E. Torrence Road, Columbus.

SECRETARY-TREASURER—Robert S. Rudy, 491 Belvidere Ave., Columbus.

#### *Dayton Chapter:*

PRESIDENT—J. C. Cassel, 11 W. Monument Bldg., Dayton.

VICE-PRESIDENT—Don D. Battelle, 121 W. Second St., Dayton.

SECRETARY-TREASURER—Robert N. Lloyd, 1002 Harries Bldg., Dayton.

*Toledo Chapter:*

PRESIDENT—J. E. Madden, 907 Second National Bank Bldg., Toledo.  
 SECRETARY—Robert Hurst, 1909 Ohio Bank Bldg., Toledo.

**Oklahoma Society of C.P.A.'s***Annual Meeting—November*

PRESIDENT—Ross T. Warner, 602 Tulsa Loan Bldg., Tulsa.  
 VICE-PRESIDENTS—Virgil S. Tilly, 410 National Bank of Tulsa Bldg., Tulsa; Walter D. Snell, First National Bldg., Oklahoma City.  
 SECRETARY—Albert W. Cory, 729 High-tower Bldg., Oklahoma City.  
 TREASURER—Larry Petering, 416 Liberty National Bank Bldg., Oklahoma City.  
 AUDITORS—Jack M. Cullers, 921 N.W. 35th St., Oklahoma City; H. W. Hinman, 401 Petroleum Bldg., Oklahoma City.

*Oklahoma City Chapter:*

PRESIDENT—Walter D. Snell, First National Bldg., Oklahoma City.  
 VICE-PRESIDENT—Jack M. Cullers, 921 N. W. 35th St., Oklahoma City.  
 SECRETARY-TREASURER—Lewis E. Wood, 716 Petroleum Bldg., Oklahoma City.

*Tulsa Chapter:*

PRESIDENT—Virgil S. Tilly, 410 National Bank of Tulsa Bldg., Tulsa.  
 VICE-PRESIDENT—Oscar W. Brown, 1109 Hunt Bldg., Tulsa.  
 SECRETARY—A. H. Mayginnnes, 909 R. T. Daniel Bldg., Tulsa.  
 TREASURER—Carl R. Kauffman, 901 Cosden Bldg., Tulsa.

**Oregon State Society of C.P.A.'s***Annual Meeting—June*

PRESIDENT—Charles E. Rawlinson, 1412 American Bank Bldg., Portland.  
 VICE-PRESIDENT—V. G. DeLap, Citizens Bank Bldg., Portland.  
 SECRETARY—A. M. Niemi, 400 S. W. Stark St., Portland.  
 TREASURER—Herbert Retzlaff, 1045 Pacific Bldg., Portland.

**Pennsylvania Institute of C.P.A.'s***Annual Meeting—June*

PRESIDENT—Harry Ness, 301 Manufacturers Association Bldg., York.

VICE-PRESIDENT—A. Karl Fischer, 2101 Packard Bldg., Philadelphia.  
 SECRETARY—Robert J. Bennett, 503 Land Title Bldg., Philadelphia.  
 TREASURER—Benjamin Goldenberg, 12 S. 12th St., Philadelphia.

*Harrisburg Chapter:*

CHAIRMAN—William R. Winn, 704 First National Bank Bldg., Williamsport.  
 VICE-CHAIRMAN—Joseph W. Kettering, Elizabethtown.  
 SECRETARY—Charles J. Rowland, 2 Leit-zell Bldg., State College.  
 TREASURER—Irving Yaverbaum, State Theatre Bldg., Harrisburg.  
 AUDITOR—Joseph Peltz, Berkshire Hotel, Reading.

*Philadelphia Chapter:*

CHAIRMAN—C. Whitford McDowell, 2300 Lincoln-Liberty Bldg., Philadelphia.  
 VICE-CHAIRMAN—Frank S. Glendening, 1801 Widener Bldg., Philadelphia.  
 SECRETARY—Hubert F. Ravenscroft, 1710 Packard Bldg., Philadelphia.  
 TREASURER—Lewis J. Lavenhol, 1528 Walnut St., Philadelphia.  
 AUDITOR—Thomas M. O'Neill, 1518 Walnut St., Philadelphia.

*Pittsburgh Chapter:*

CHAIRMAN—Robert M. Griffiths, 1639 Gulf Bldg., Pittsburgh.  
 VICE-CHAIRMAN—James H. Young, Jr., 5633 Northumberland Ave., Pittsburgh.  
 SECRETARY—Ira G. Flocken, Board of Public Education, Administration Bldg., Pittsburgh.  
 TREASURER—Walter L. Wickard, c/o Mesta Machine Company, Box 1466, Pittsburgh.  
 AUDITOR—Harry Coon, 565 Union Trust Bldg., Pittsburgh.

*Scranton Chapter:*

CHAIRMAN—W. F. Dobson, Miners National Bank Bldg., Wilkes-Barre.  
 VICE-CHAIRMAN—Frank Wills, c/o Grant L. Bell, First National Bank Bldg., Scranton.  
 SECRETARY—Earle R. Herbert, Brooks Bldg., Wilkes-Barre.  
 TREASURER—W. D. Stowe, 1934 Boulevard Ave., Scranton.



**Puerto Rico Institute of Accountants***Annual Meeting—February*

PRESIDENT—Emiliano Pol, Jr., Bureau of Income Tax, Dept. of Finance, San Juan.  
 VICE-PRESIDENT—Isaias Rodriguez, Mayaguez Light, Power & Ice Co., Mayaguez.  
 SECRETARY—Juan C. Villariny, Office of the Auditor of P. R., San Juan.  
 TREASURER—Pedro E. Purcell, c/o Gonzalo Aponte, Padin Bldg., San Juan.

**Rhode Island Society of C.P.A.'s***Annual Meeting—April*

PRESIDENT—Albert E. Godfrey, 17 Exchange St., Providence.  
 VICE-PRESIDENT—Abraham Blackman, 1209 Industrial Trust Bldg., Providence.  
 SECRETARY-TREASURER—William B. M. Miller, 49 Westminster St., Providence.

**South Carolina Association of C.P.A.'s***Annual Meeting—December*

PRESIDENT—L. A. Searson, 1829 Green St., Columbia.  
 VICE-PRESIDENT—John M. Palm, Woodside Bldg., Greenville.  
 SECRETARY-TREASURER—C. C. McGregor, c/o Certified Audits Co., Columbia.

**South Dakota Society of C.P.A.'s***Annual Meeting—May*

PRESIDENT—Harry H. Hobbs, Yankton.  
 VICE-PRESIDENT—Thomas J. Morgans, Jr., Sioux Falls.  
 SECRETARY—C. O. Quickstad, Watertown.

**Tennessee Society of C.P.A.'s***Annual Meeting—August*

PRESIDENT—John H. Rawlings, 483 Shrine Bldg., Memphis.  
 VICE-PRESIDENT—Clifford D. Buffon, 438 Volunteer Bldg., Chattanooga.  
 SECRETARY—James W. Allen, 1411 Nashville Trust Bldg., Nashville.  
 TREASURER—W. H. Read, Box 4237, University of Tennessee, Knoxville.

*Chattanooga Chapter:*

CHAIRMAN—John I. Foster, Chattanooga Bank Bldg., Chattanooga.  
 VICE-CHAIRMAN—J. H. Hardy, 319 Chattanooga Bank Bldg., Chattanooga.  
 SECRETARY-TREASURER—Clifford D. Buffon, 438 Volunteer Bldg., Chattanooga.

*Knoxville Chapter:*

PRESIDENT—G. W. Laws, 813 Burwell Bldg., Knoxville.  
 SECRETARY-TREASURER—W. H. Read, Box 4237, University of Tennessee, Knoxville.

*Memphis Chapter:*

CHAIRMAN—John H. Rawlings, 483 Shrine Bldg., Memphis.  
 VICE-CHAIRMAN—A. L. Yancey, 710 Bank of Commerce & Trust Bldg., Memphis.  
 SECRETARY—William A. Smith, Cotton Exchange Bldg., Memphis.  
 TREASURER—C. W. Eader, 119 Madison Ave., Memphis.  
 AUDITOR—H. J. Everts, c/o William A. Smith & Co., Memphis.

*Nashville Chapter:*

CHAIRMAN—Thomas M. Pickens, Stahlman Bldg., Nashville.  
 VICE-CHAIRMAN—Thomas M. McIntyre, Third National Bank Bldg., Nashville.  
 SECRETARY—James W. Allen, Nashville Trust Bldg., Nashville.  
 TREASURER—John S. Glenn, Jr., American National Bank Bldg., Nashville.

**Texas Society of C.P.A.'s***Annual Meeting—October*

PRESIDENT—T. W. Mohle, 1101 Shell Bldg., Houston.  
 VICE-PRESIDENT—J. C. Harris, 1713 Republic Bank Bldg., Dallas.  
 SECRETARY-TREASURER—C. F. Milledge, 415 Shell Bldg., Houston.

*El Paso Chapter:*

CHAIRMAN—C. M. Grider, 301 Bassett Tower, El Paso.  
 SECRETARY—J. Glenn Bixler, 1008 Mills Bldg., El Paso.

*Houston Chapter:*

CHAIRMAN—Walter C. Burer, c/o The Sugarland Industries, Sugar Land.  
 SECRETARY—Harry D. Hopson, 1101 Shell Bldg., Houston.

**Utah Association of C.P.A.'s***Annual Meeting—December*

PRESIDENT—C. Irvin Fox, 475 Federal Bldg., Salt Lake City.  
 VICE-PRESIDENT—Laurence H. Pierce, 1102 Continental Bank Bldg., Salt Lake City.

SECRETARY-TREASURER—Ralph L. Neilson, 608 Walker Bank Bldg., Salt Lake City.

**Vermont Society of C.P.A.'s**

PRESIDENT—C. S. Springer, 13 Oak St., Brattleboro.  
VICE-PRESIDENT—Philip F. Jones, R.F.D. No. 3, Fairfax.  
SECRETARY-TREASURER—Seth A. Densmore, 135 College St., Burlington.

**The Virginia Society of Public Accountants, Inc.**

*Annual Meeting—September*

PRESIDENT—Robert L. Persinger, Box 619, Covington.  
VICE-PRESIDENT—Emmett P. Dallas, 426 Royster Bldg., Norfolk.  
SECRETARY-TREASURER—A. M. Toler, 505 E. Franklin St., Richmond.

*Richmond Chapter:*

PRESIDENT—Guy M. Scott, 506 State-Planters Bank Bldg., Richmond.  
VICE-PRESIDENT—Alvin W. Burket, 725 American National Bank Bldg., Richmond.  
SECRETARY-TREASURER—F. L. Worcester, 1035 Mutual Bldg., Richmond.

*Tidewater Chapter (Norfolk):*

PRESIDENT—L. Dow LedBetter, National Bank of Commerce Bldg., Norfolk.  
VICE-PRESIDENT—S. N. Richardson, 333 Law Bldg., Norfolk.  
SECRETARY-TREASURER—Herbert E. Gouldman, 119 W. Tazewell St., Norfolk.

**Washington Society of C.P.A.'s**

*Annual Meeting—May*

PRESIDENT—Louis E. Smith, 908 American Bank Bldg., Seattle.  
VICE-PRESIDENT—Edward P. Tremper, Jr., 1411 Fourth Ave. Bldg., Seattle.  
SECRETARY-TREASURER—Clarence A. Andrews, 300 Insurance Bldg., Seattle.  
AUDITOR—A. S. James, 962 Stuart Bldg., Seattle.

*Seattle Chapter:*

PRESIDENT—Roy C. Comer, Dexter Horton Bldg., Seattle.  
VICE-PRESIDENT—Samuel E. Friedman, 416 McDowall Bldg., Seattle.

SECRETARY-TREASURER—Marshall Crutcher, 707 Securities Bldg., Seattle.

*Spokane Chapter:*

PRESIDENT—Jesse R. Randall, 316 Symons Bldg., Spokane.  
VICE-PRESIDENT—Elden J. Summers, 1215 Old National Bldg., Spokane.  
SECRETARY-TREASURER—Tracy K. Elder, 2611 So. Post, Spokane.  
AUDITOR—Earl S. Frost, North 4512 Howard, Spokane.

*Tacoma Chapter:*

PRESIDENT—Llewellyn F. Wing, 722 N. C. St., Tacoma.  
VICE-PRESIDENT—Robert S. Stapleton, Box 1376, Tacoma.  
SECRETARY-TREASURER—George J. Busch, 1307 Puget Sound Bank Bldg., Tacoma.

**West Virginia Society of C.P.A.'s**

*Annual Meeting—November*

PRESIDENT—J. Earl Beatty, Peoples Bank Bldg., Charleston.  
FIRST VICE-PRESIDENT—Ivan F. Jennings, 203 First National Bank Bldg., Welch.  
SECOND VICE-PRESIDENT—R. L. Baughan, First Huntington National Bank Bldg., Huntington.  
SECRETARY—Harry R. Howell, 710 Kanawha Valley Bldg., Charleston.  
TREASURER—Norman Fitzhugh, 508 Kanawha Banking & Trust Bldg., Charleston.

**Wisconsin Society of C.P.A.'s**

*Annual Meeting—June*

PRESIDENT—Milton A. Feldmann, 110 E. Wisconsin Ave., Milwaukee.  
VICE-PRESIDENT—Herbert D. Kuentz, 603 Edgewood Ave., Madison.  
SECRETARY—Daniel A. Murray, 735 N. Water St., Milwaukee.  
TREASURER—A. F. North, 1326 S. 2nd St., Milwaukee.

*Madison Chapter:*

CHAIRMAN—Ronald Mattox, 701 Gay Bldg., Madison.  
VICE-CHAIRMAN—C. H. Van Abel, 701 South Shore Drive, Madison.  
SECRETARY-TREASURER—A. D. Richardson, 2605 Van Hise Ave., Madison.

*Milwaukee Chapter:*

CHAIRMAN—Raymond F. Linehan, 110 E. Wisconsin Ave., Milwaukee.

VICE-CHAIRMAN—Harry L. Kunze, 623 W. State St., Milwaukee.

SECRETARY-TREASURER—Leo A. Schmidt, Marquette University, Milwaukee.

*Northern Chapter:*

CHAIRMAN—Norman Schomisch, 377 Algonoma Blvd., Oshkosh.

VICE-CHAIRMAN—Fred Asell, Box 256, Marinette.

SECRETARY-TREASURER—C. A. McKenna, 516 South Jackson St., Green Bay.

**Wyoming Society of C.P.A.'s***Annual Meeting—December*

PRESIDENT—Ossie M. Cordle, Consolidated Royalty Bldg., Casper.

VICE-PRESIDENT—E. R. Jeffryes, Roach Bldg., Laramie.

SECRETARY-TREASURER—Charles S. Chapin, 405 Consolidated Royalties Bldg., Casper.



# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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AUGUST 1938

Vol. 18 . No. 8

1938 Annual Meeting

The Benevolent Fund

Accountancy and Public Affairs

Southern Accounting Conference

Legal and Accounting Practice

International Congress

Interstate Practice

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### *Officers 1937-1938*

#### AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

<i>President</i> . . . . .	CLEM W. COLLINS
<i>Vice-presidents</i> . . . . .	WILLIAM C. HEATON, ANSON HERRICK
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<i>Secretary and Managing Editor</i> . . . . .	JOHN L. CAREY

# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## The Benevolent Fund

A STRIKING manifestation of professional loyalty is the readiness with which accountants in more prosperous circumstances come to the aid of those in distress.

Such instances fortunately have been rare, but since the beginning of the depression they have increased in frequency. It was because of a growing need that the American Institute Benevolent Fund, Inc., was formed just after the annual meeting of 1933. The Benevolent Fund was then termed a "new and splendid branch of the Institute's activities." The good which it has been able to do has justified this description. It was hoped at first that subscriptions would be received in sufficient amount to establish a capital fund, the income from which would be adequate for all ordinary demands, but it soon became evident that the time was not right for the accumulation of such a fund. Initial contributions of almost \$5,000, supplemented by additional subscriptions in smaller amounts during the succeeding years have, nevertheless, enabled the trustees of the fund to provide sorely needed aid in every case brought to their attention.

Most cases have been those in which elder members of the profession, through circumstances outside their control, have had to endure acute financial distress. In other instances, the fund has assumed the payment of premiums on insurance, protecting the survivors of a member from material want; direct payments have been made for a period of time to the widow of a member, and funds have been provided to obtain admission of a couple of advanced age to a permanent home.

On several occasions an appeal has been made for contributions to the Benevolent Fund, and the response has made possible the continuance of this good work. In the meantime, the trustees of the fund wish to call attention once more to the purposes for which subscriptions are used, and to ask that members give this activity the support which it merits.

# Accountancy and Public Affairs

BY CLEM W. COLLINS

THE Mountain States Accounting Conference, as you may know, has brought together certified public accountants from eight Western states, including your own Utah, Arizona, California, my own state of Colorado, Idaho, Montana, New Mexico and Wyoming, for the purpose of discussing national and regional business and professional problems. It is the first of a series of similar conferences to be held in various parts of the United States with the coöperation of state societies of certified public accountants and the American Institute of Accountants, of which I have the honor to be head. We are glad we selected Salt Lake City for this conference and will leave your community at the close of the conference with warm feelings in our hearts.

Many important events will transpire at the Mountain States Accounting Conference, events which will be of importance to business, to accounting, and to the general public. One thing happened this morning, at the opening session, in which I think you will be interested. It was my pleasure to present to the assembled professional accountants a suggestion which I devoutly hope will be brought to actuality.

In my belief, there is doubt and uncertainty among our people today. I believe they are confused by the many interchanges of allegations, comments, charges and countercharges between business management on the one hand and the Government at Washington on the other. I think public uncertainty as to the merits or demerits of the Administration's acts and plans has led in large measure to the present recession through which industry and trade are passing.

The people know very well that the Government is probably not so bad as some business leaders make it out to be, and they certainly know that business management is not so bad as some government spokesmen would make it out to be. This is, however, about as far as the public can go in its thinking. It lacks definite information about, definite evaluation of, the pros and cons in this case. The result is doubt, uncertainty, a holding back of the spending which the people might normally at this time be planning.

I say "holding back" advisedly. I know there are tens upon tens of thousands of our people who are not doing any "holding back" except for the very good reason that they have no money to spend. But, there is another side of the book. This is the credit side which shows there are

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NOTE.—This is the text of a radio address by Clem W. Collins, president of the American Institute of Accountants, delivered on May 31st from station KSL, Salt Lake City, Utah, during the Mountain States Accounting Conference.



tens upon tens of thousands of our fellow Americans who *have* jobs and who are in a position to spend at least *some money* if they knew just where they stand with respect to the future. This situation, in my judgment, offers an exceptional opportunity for business.

The public is entitled to a fair statement of the facts about Government and what it should or should not be doing, and about business and what it should or should not be doing. I believe these facts can come from business itself. I think in the long run business can do the job better than men in politics can do it, but the job must be done right. This is the thought I want to leave with you this afternoon:

One of the most constructive contributions that *business management* can make toward the public welfare today is to select from its own ranks a group of men who are willing to make, in the public interest, a fair and unbiased evaluation of administration policies and of all factors involved at present in relations between Government and business.

Some of the things which the President has done and is trying to do are undoubtedly good and represent a sound and sensible approach to solution of our national problems. Other acts of the past and possibly of the future are or will be bad. The public, at present confused as to the real facts in the case, wants to know which are good and which are bad, in the judgment of competent men.

The men who undertake this important task should produce a balanced report for the public information. They must be men who can rise above political prejudice and who are motivated primarily by two considerations, namely, the best interests of the country and the best interests of business.

Such an evaluation, to be of any real use to the general public, must take up the administration policies, acts, and plans one by one, and cite clearly and honestly their merits and demerits. Their final report should be presented to the President and to leaders of the Government in both the executive and legislative branches. The report should receive the widest possible circulation. It should include definite recommendations where changes are needed and these recommendations should be presented in an orderly, logical, and convincing manner.

Such an evaluation would possibly accomplish four things. These would be: 1. It would help to reassure the administration as to the motives of honest business and industrial management; 2. It would offer the possibility that the administration would reconsider certain of its policies and plans; 3. It would ease the mind of the public, substituting definite information for guesswork and conjecture in the minds of the citizens; 4. It would help to chasten that element in business whose acts against the public interest are furnishing ammunition for some of the general broadsides against business which so frequently mark Administration statements originating in Washington.

In any such evaluation undertaking, I believe the profession of accounting should be represented. Among the leaders in the accounting profession in the United States are men who could bring to such an inquiry the fair and balanced judgment, the expert knowledge, required to make the inquiry serve its intended purpose.

When we study the public mind with respect to recession factors, we must recognize that public uneasiness is at the bottom of all recessions. This uneasiness causes the first slowing up of buying which ultimately leads to stagnation of selling and production. American business is capable of a tremendous rebound from the doldrums to prosperity, but such a rebound is impossible when the Government and business take frequent shots at each other and, in the judgment of the people, get nowhere fast.

An inquiry such as I suggest would not be a complex and burdensome proceeding. It would take up the policies and acts of the Government in a simple manner and tell what is wrong or right about them, in terms of the public interest, and why. I almost think I would go back to that first telephone conversation which the President had with us after his election, and work from there to the present. We would learn then what business thinks of each policy and act and learn, too, the reasons why business thinks as it does.

Transcending the individual interests of any group, rising in importance far above the mere platforms of any political party, is the public interest. That is paramount. Business ideas are good, or bad, Government ideas are good, or bad, only to the extent that they affect the public interest in a good way or a bad way. How much of what business says today is true, based upon sober judgment of the facts? How much of what Government says is true, or false, based upon that same kind of sober judgment?

Do not let us believe for one minute that the kind of inquiry and report I suggest cannot be done adequately by business. It can be done by the right leaders in business. If they will undertake this important job and see it through they will be serving business by serving the public, whose confident spending makes what we call business.

## Southern Accounting Conference

A CONFERENCE of accountants of southern states will be held on August 26th and 27th in conjunction with the annual meeting of the Tennessee Society of Certified Public Accountants. John L. Carey, secretary of the American Institute of Accountants, will attend.

The Tennessee Society will convene on the afternoon of August 25th for transaction of its official business, following a meeting of the council of the society. John H. Rawlings, president, will preside.

The All South Meeting will convene on the morning of Friday, August 26th, with an invocation and an address of welcome. Next, A. C. Upleger, of Waco, Texas, past president of the American Society of Certified Public Accountants, will lead a round-table session on professional problems of the South. A sifting committee will summarize the discussion for the record.

In the afternoon there will be addresses by George P. Ellis, of Chicago, Ill., past president of the American Society and member of council of the American Institute of Accountants. At the same session the secretary of the American Institute will discuss the activities of the national organization, dwelling particularly on ways in which it can assist state societies in the solution of local problems.

D. W. Springer, former president of the American Society of Certified Public Accountants, will address the conference Saturday morning, August 27th. Following Mr. Springer's talk there will be a round-table session on advancement of the profession, at which the following questions will be discussed: How can state societies help? What benefit may be derived from regular regional meetings? How can ties with the Institute be strengthened? Mr. Carey will speak briefly at this session.

On Friday afternoon Oscar Johnston, member of the board of directors of the Federal Reserve Bank of Memphis, and the Honorable Walter Chandler, of Memphis, member of the House of Representatives, will address the conference. The last event on the program will be a meeting of the incoming council of the Tennessee Society of Certified Public Accountants.

# American Institute of Accountants

## Stock Brokerage Accounting

An enlarged program of activities has made it necessary to increase the membership of the Institute's special committee on stock brokerage accounting from five to nine. Frederick W. Wulfing, of New York, is chairman of the committee. Following are the new members just appointed by Clem W. Collins, president: H. Hilton Dumbrille, Murdoch W. Maclachlan, Robert H. Prytherch, Andrew Stewart, all of New York. The other members are: George A. Bangle, of San Francisco, Calif., John Dassau, of New York, N. Y., J. M. Neumayer, of St. Louis, Mo., and Walter H. Rohe, of Chicago, Ill.

## Coöperation with Economic Association

At the request of Alvin H. Hansen, president of the American Economic Association, Clem W. Collins, president of the American Institute of Accountants, has appointed the following Institute representatives to serve on a joint committee on income-tax statistics:

Henry B. Fernald, of New York, N. Y.  
Norman L. McLaren, of San Francisco, Calif.

Robert H. Montgomery, of New York, N. Y.

The American Statistical Association and the American Economic Association each have three representatives on the committee, and Professor W. L. Crum, of Harvard University, is at present chairman of the committee.

## Legal and Accounting Practice

Activities of bar association committees on unauthorized practice of the law have continued to be a matter of some concern to practising accountants. A committee of the American Institute of Accountants has been negotiating with the American Bar Association committee over a period of several years in the hope that some general agreement could be reached under which the two professions could work together amicably.

Negotiations to that end are still proceeding, but in the meantime the bar committee has published a report submitted to the 61st annual meeting of the American Bar Association at Cleveland, July 25-27, 1938, which at the conclusion of its remarks regarding accountants contains the following statement:

"It is the view of the committee that it is the practice of law to engage in any of the following activities:

- (1) To give advice regarding the validity of tax statutes or regulations or the effect thereof in respect of matters outside of accounting procedure,
- (2) To determine legal questions preliminary or prerequisite to the making of a lawful return in a lawful manner,
- (3) To prepare protests against tax adjustments, deficiencies, or assessments,
- (4) To represent a taxpayer at a conference with administrative authorities in relation to matters outside of accounting procedure,

- (5) To prepare claims for refund of taxes,
- (6) To prepare petitions, stipulations, or orders incident to the review of assessments by the United States Board of Tax Appeals or any like administrative tribunal,
- (7) To conduct the trial of issues before the United States Board of Tax Appeals or any like administrative tribunal."

A committee of accountants, representing the Institute and the New York, Ohio, and Virginia state societies, met with the American Bar Association's committee on unauthorized practice of the law at Cleveland, July 25th, and presented strong objection to the portion of the report above quoted.

The bar committee, while asserting that the report expressed their views at the time it was written, indicated that the above-quoted definitions should not be too literally construed and stated that they were not asking the Bar Association to approve the report or take any action on it at this time and that, therefore, the views expressed therein were subject to re-examination and clarification.

The accountants' committee expressed the belief that because of the interrelationship between accounting and law in tax practice, it was impossible to set forth broad rules indicating a clear dividing line between the practice of law and the practice of accounting in this field. The accountants' committee proposed that, in lieu of any endeavor to establish such rules, a case method of dealing with the problem should be adopted. Under this plan, the bar associations would refer to the Institute or to state societies, as might be appropriate, cases in which accountants had engaged in alleged improper practices. The accounting organizations would investigate such

cases and, if they found the complaint well founded, would take steps to prevent a recurrence of the offense through their own disciplinary machinery in the case of members, through state boards of accountancy in the case of certified public accountants who were not members, or through moral suasion in the case of noncertified accountants.

The bar committee received this proposal favorably, and it was tentatively agreed at the meeting that some such coöperative machinery would be attempted in New York, which, if it worked out satisfactorily, might serve as a guide in other states.

As a matter of record the Institute's committee addressed a statement to the board of governors of the American Bar Association expressing its objections to the report of the committee on unauthorized practice of the law. This statement together with other explanatory data will be published in *The Journal of Accountancy*, September 1st.

### Wisconsin Society Publication

A 47-page booklet recently printed by the Wisconsin Society of Certified Public Accountants includes a directory of members, a statement of the society's objectives, and a brief historical sketch of the society.

### State Society Activities

The secretary of the Institute has issued, in mimeographed form, a memorandum to all state society and chapter presidents outlining the steps in the development of a constructive one-year plan of operation for state society and chapter activities. The suggestions offered represent a composite of ideas and experience contributed by individual state society officers and the staff of the Institute. Comments and criticism were invited.

## International Congress

The Fifth International Congress on Accounting, which will be held at Berlin, September 19-24, 1938, is expected to bring together the representatives of approximately 40 foreign countries. Arrangements for the Congress are being made by the German professional organization of accountants, the Institut der Wirtschaftsprüfer, in conjunction with the National-Socialist Association of German Jurists and the Academy for German Law.

The American Institute of Accountants has designated its past president, John F. Forbes, of San Francisco, as chairman of its official delegation to the Congress. Other members of the delegation are: William H. Ball, of Detroit; Arthur M. Loviband, of London; Max Frederick, of New York; Edward A. Kracke, of New York; and Henry C. Moeller, of Omaha.

The professional part of the program provides for eight "professional papers" and two "scientific addresses," covering the following subjects:

### *Professional papers*

Matters affecting the accountancy profession

Business planning

Audit of annual accounts

Company law

Audits of consolidated accounts

(To be submitted by Edward A. Kracke, of New York)

Auditing by and for tax authorities

Other auditing and advisory work

Methods of computing cost and control of prices by public authorities

(John F. Forbes, of San Francisco, will contribute a "national paper" on this subject.

He will also submit a "general paper" on the same subject, compiled from a review of other "national papers.")

### *Scientific addresses*

Comparison between the German and American theories on accountancy.

Comparison of international research in, and study of business corporations.

There will be about 70 individual reports, emanating from Australia, Belgium, British India, Canada, Denmark, Germany, France, Great Britain, Italy, Holland, Norway, Poland, Roumania, Sweden, Switzerland, Czechoslovakia, and the United States, dealing with these eight subjects. The summarized general reports covering the national reports on each subject will provide an international survey of the development and organization of the accounting profession and of the legal and professional regulations governing professional practice, its supervision, and the scope of its activities.

A number of tours, sight-seeing trips, and excursions, as well as artistic and social events, have been planned for participants in the Congress.

## Municipal Finance Officers' Association

The thirty-third annual Conference on Municipal Accounting and Finance will be held by the Municipal Finance Officers' Association, August 15th-18th at the Hotel Lowry, St. Paul, Minnesota.

### Visitors at Institute Offices

The following visitors from out of town called at the offices of the Institute at 135 Cedar street during recent weeks:

Geo. D. Bailey, Detroit, Mich.

Dr. J. Ellenbogen, Vienna, Austria

H. William Fick, South Bend, Ind.

Ralph S. Good, Rochester, N. Y.

Clarence L. Turner, Philadelphia, Pa.

Luther K. Watkins, Buffalo, N. Y.

## 1938 Annual Meeting

As plans for the 1938 annual meeting of the American Institute of Accountants at Cincinnati mature, indications are that it will be one of the outstanding meetings in the history of the profession, comparable in attendance and general interest to last year's celebration of the fiftieth anniversary of the Institute. Notices already received from members indicate that the attendance will exceed 1,000. The program will include speakers of national prominence, and the subjects to be discussed, including those which are technical in nature as well as those of broad professional significance, will treat most of the major questions faced by the accounting profession today.

The Ohio Society of Certified Public Accountants will be host to the Institute on the occasion, and committees of the state society are coöperating with the committee on meetings in making all arrangements.

### ROUND TABLE SESSIONS

Of particular interest will be the round-table discussions. The round-table plan, used with such success at prior meetings, particularly at the fiftieth anniversary celebration, has been adopted by the committee on meetings for treatment of a number of topics of immediate concern to practicing accountants, in which it is desirable that as many as possible participate. Following is an outline of the round-table sessions:

#### *Revenue Act of 1938*

*Leader:* Victor H. Stempf, chairman, committee on federal taxation, American Institute of Accountants.

#### *Speakers:*

Walter A. Cooper, member, American Institute of Accountants.

F. B. Andrews, member of council, American Institute of Accountants.

Probably no subject is of keener interest to public accountants at this time than the changes in the federal revenue act recently effected and planned for the future. During consideration of the revenue act of 1938, the Institute's committee presented comprehensive suggestions for amendment of specific provisions and broad recommendations regarding such questions as the relation between taxation and social control, the relative burden of taxes on different classes of income, and the difficulties arising out of undue complexity in the structure of the tax law. The effect of the Institute's recommendations are directly traceable in the law enacted this year. Subsequent to the adjournment of Congress, at the request of Roswell Magill, Undersecretary of the Treasury, the Institute's committee, after obtaining advice from the Advisory Council of State Society Presidents and others, undertook to prepare a memorandum of suggestions for further amendment of the revenue act. The new tax law and these latest recommendations of the Institute's committee will provide the basis for discussion at this session.

#### *Modern Developments in Costs, Budgets, and Control*

*Leader:* V. Brooks Heckert, Ohio State University.

*Speakers:* (To be announced.)

The new importance of business costs has recurred time and again as a subject for discussion whenever accountants gather. The Robinson-Patman act, wages-and-hours legislation, and other regulatory laws make it essential

that the modern business concern have reliable information as to its costs and the relation of costs to prices. Recently, the Institute arranged to participate in a study of this subject being conducted by the Conference on Price Research under the general sponsorship of the National Bureau of Economic Research. The problems are to a large extent new ones and the questions to be answered are many.

#### *Building and Loan Accounting*

**Leader:** Frank S. Glendening, chairman, special committee on savings-and-loan accounts, American Institute of Accountants.

#### *Speakers:*

John W. Ballard, chief examiner, Federal Home Loan Bank Board.

George L. Bliss, chairman, accounting division, United States Building and Loan League.

Thomas A. Williams, chairman, committee to investigate audit requirements of Government agencies for homesteads, Society of Louisiana Certified Public Accountants.

This subject has been constantly to the fore during the past few years. Deposits with savings-and-loan associations up to \$5,000 are insured by the Federal Savings and Loan Insurance Corporation and, under regulations of the Federal Home Loan Bank Board, an examination and an audit of each insured association are required annually. The examination must be conducted by examiners of the board. The audit may be conducted by the board's examiners, but at the option of the association may be conducted by a "qualified accountant not otherwise employed by the association and in a manner satisfactory to the board." Numerous problems have arisen. Some associations have chosen to have both

the examination and the audit performed by the board's examiners because of the saving thus made possible. The result has been loss of engagements by public accountants. Another problem arises from the fact that audits performed by public accountants have not always been "satisfactory to the board." For months the Institute's committee has been engaged in the preparation of a standard procedure for such audits which would be in conformity with the basic accounting practice, and would serve the purposes of all concerned. Competitive bidding for audits of savings-and-loan associations is prevalent and has made the solution of these problems difficult. The round-table sessions will provide opportunity for frank discussion of the whole subject, with representatives of the accounting profession, the building-and-loan associations, and the governmental authorities participating.

#### *Accountants' Certificates*

**Leader:** George D. Bailey, member, American Institute of Accountants.

**Speakers:** Frederick H. Hurdman, chairman, special committee on coöperation with stock exchanges, American Institute of Accountants.

A. S. Fedde, chairman, special committee on coöperation with bankers, American Institute of Accountants.

Samuel J. Broad, member, special committee on coöperation with the Securities and Exchange Commission, American Institute of Accountants.

David Himmelblau, Northwestern University.

Ralph B. Mayo, member of council, American Institute of Accountants.

The Institute's special committee on coöperation with stock exchanges in



1932 devised a new form of accountants' certificate, or report. Shortly thereafter, the federal securities legislation was enacted, and under those laws the Securities and Exchange Commission issued rules governing the form and content of auditors' reports. Bankers, who have a direct interest in the auditor's statement of his findings and opinion, have naturally given close attention to these developments. There has not always been agreement among accountants, bankers, and regulatory authorities as to the phraseology of certificates, and at this time there remain a number of questions which will provide material for discussion with the guidance of the Institute's committees most concerned.

#### *Machine Accounting*

*Speakers:* Representatives of exhibiting companies.

Elsewhere in this bulletin attention is called to the exhibition of accounting machinery which will be on display during the meeting. At this session representatives of the exhibiting companies will be given fifteen minutes each to describe their products. This arrangement is unique in the history of the Institute meetings. At the fiftieth anniversary celebration there was an elaborate exhibition of accounting machinery, but no such discussion was held. The extent to which the development of machine methods has gone, the installation of systems, and the auditing of machine-kept records are among the topics expected to be discussed.

#### *Accounting for Non-profit Institutions*

*Leader:* (To be announced.)

*Speakers:* (To be announced.)

This is a field of accounting in which many out-of-the-ordinary situations arise, and one with which few accountants are thoroughly familiar.

Over a long period of time, a relatively small group has been giving intensive study to the accounts of nonprofit institutions, developing guides to procedure which should be helpful to any accountant undertaking an engagement of this kind. The discussion will doubtless bring out the differences between the accounts of profit and nonprofit organizations and, based on the experience of specialists in the field, the auditing procedure found to be most practicable.

#### *The Future of the Certified Public Accountant*

*Leader:* Gordon S. Battelle, member, American Institute of Accountants.

*Speakers:* (To be announced.)

This is a period of change, and accountancy, in common with other professions, finds it necessary to consider how it can best adapt itself to the needs of the day. Recent events seem to pre-empt a future of increased usefulness and wider recognition of accountants. On the other hand, there are influences at work which might tend to reduce the scope of accounting practice. At this session, accountants will survey their present position in relation to their clients, government, and the general public, weigh the importance of various factors, favorable and unfavorable, which affect the future, and discuss means of avoiding the dangers while taking greatest advantage of the opportunities.

#### *Problems in the Social Security Act*

*Leader:* Harold C. Anderson, chairman, special committee on social security act, American Institute of Accountants.

*Speakers:* (To be announced.)

One of the most far-reaching pieces of legislation ever enacted, the social

security act has raised broad financial and economic questions on which the views of accountants should be helpful. This session will provide an opportunity to express them. In addition, the federal and state laws have presented the public accountant with many a practical problem. The traditional methods of pay-roll accounting have had to be revised, and there has been little uniformity in the new procedure adopted. Here, accountants can compare notes, drawing on their experiences in different industries and forms of business organization. The discussion should benefit anyone who must comply with the many and various rules and regulations issued by the Social Security Board.

*Relationships between Legal and Accounting Concepts*

*Leader:* James L. Dohr, member, American Institute of Accountants.

*Speakers:* (To be announced.)

The relation between concepts of accounting and rules of law has come to be a very close one. Under the securities act of 1933 and the securities exchange act of 1934, the Securities and Exchange Commission has undertaken more extensive supervision of corporate accounting than has ever been attempted before; the commission has been called "the most effective force which today is thrusting accounting rules into the legal structure." Long before the advent of the federal securities legislation, however, "rules of sound accounting" had provided the basis for many a common-law decision. It appears likely that regulatory branches of the Government and courts, too, will in the future rely more rather than less upon the body of accounting theory and procedure. It is important, therefore, that professional accountants, who so largely direct the evolution of

accounting thought, should consider the influence which law and accounting exert upon each other, and analyze this relationship carefully for all of its implications. It is to such matters that attention will be turned at this session.

ADDRESSES AT GENERAL SESSIONS

The program includes addresses by several guest speakers, in addition to those who will participate in round-table discussions.

Roswell Magill, Undersecretary of the Treasury, will address the general session on Thursday, September 29th, speaking on the subject, "Federal tax revision, 1939." Mr. Magill directed the taxation program of the Treasury Department in recent years. In that capacity, just after passage of the revenue act of 1938, he invited the Institute's committee on federal taxation to submit recommendations for further revision of the federal tax law. It is expected that the recommendations of accountants, as well as those received from other sources, and the prospect for tax legislation in the 1939 session of Congress, will be touched upon by Mr. Magill.

Arthur T. Vanderbilt, immediate past president of the American Bar Association, will be one of the two principal speakers at the banquet to be held on Thursday evening. Mr. Vanderbilt's address is expected to be of particular interest to accountants inasmuch as he is an eminent leader of his own profession and has shown familiarity with the problems of accountants as well.

The other banquet speaker will be Charles P. Taft, of Cincinnati, Ohio, a nationally known figure in public affairs. He, too, is an attorney, being a member of the firm of Taft, Settinius and Hollister. Mr. Taft has chosen as his subject "The signs of the times."

Another major address will be that by Henry A. Horne, of New York, chairman of the American Institute of Accountants special committee on public-utility accounting. Mr. Horne's subject will be "Inconsistencies in accounting requirements of states and federal regulatory bodies." Mr. Horne has made a special study of this subject and, as chairman of the Institute's committee, has closely followed each development in the use of accounts for regulatory purposes.

#### DISCUSSION OF ACCOUNTING PRINCIPLES

An entire session on September 29th will be devoted to discussion of accounting principles, based upon *A Statement of Accounting Principles* prepared by Messrs. Sanders, Hatfield, and Moore. This will not be a round-table discussion, but a general session of all those in attendance. Rodney F. Starkey, a member of the Institute's committee on accounting procedure, will act as chairman of the session and will present a short introductory address. It is planned to have ten eminent practitioners and accounting instructors lead the discussion of various subtopics.

The tentative outline of the discussion is as follows:

1. Uniformity in accounting—Walter A. Staub, of New York, N. Y.
2. Principles related to capital gains and losses; unrealized profits and losses; correction of past errors in the income account; deficits of the development stage—Henry T. Chamberlain, of Chicago, Ill.
3. Principles of depreciation—Paul Grady, of Chicago, Ill.
4. Valuation of fixed assets, and principles related to write-ups and write-ins—Jacob B. Taylor, of Columbus, Ohio.
5. Principles related to inventory

valuation—J. Chester Crandell, of Boston, Mass.

6. Principles related to deferred charges and prepaid expenses—W. A. Paton, of Ann Arbor, Mich.
7. Principles related to treasury stock and profits and losses on the sale thereof—Albert J. Watson, of San Francisco, Calif.
8. Principles related to earned surplus—(Speaker to be announced)
9. Principles related to charges against surplus—(Speaker to be announced.)
10. Principles related to consolidated statements—Eric L. Kohler, of Chattanooga, Tenn.

The rules governing the discussion will be in general as follows:

- (a) Discussion will be based on premise that everyone present has read *A Statement of Accounting Principles*, by Sanders, Hatfield and Moore.
- (b) Discussion will not attempt a review or detailed criticism of the pamphlet, but will use the pamphlet as a point of departure for consideration of the subjects touched upon in the statement.
- (c) The ten leaders named will speak for ten minutes each on topics previously assigned to them. Discussion from the floor will then be open, subject to the following rules:
  1. No speaker shall consume more than five minutes.
  2. No speaker who has once spoken shall be recognized again unless no one else desires the floor.
  3. No speaker shall repeat what is already stated in the pamphlet, or what has already been said at the session itself. In other words, everyone speaking from the floor should contribute some-

thing new, or express a difference of opinion with what has been said before.

The committee on arrangements for the annual meeting believes that this discussion will attract much interest, and that the record will be a valuable contribution to consideration of the whole problem of the establishment of accounting principles.

#### BUSINESS SESSIONS

The official business of the Institute will be transacted at two sessions, the first general session convening at 9:00 A.M. on Tuesday, September 27th, and the last general session convening at 9:30 A.M. on Thursday, September 29th.

On Tuesday, Clem W. Collins, president of the Institute, will make his annual address, surveying important problems which the Institute must meet on behalf of the profession. Then will follow the report of council, embodying a summary of its acts as the governing body of the Institute during the preceding year.

On Thursday, officers and members of council for the ensuing fiscal year will be elected. Nominees have been announced in an earlier issue and their names appear in the official call to the meeting. The last item of business will be selection of the 1939 meeting place.

#### MEETINGS OF COUNCIL

As usual there will be two meetings of council, one preceding and one following the general meeting. Council will convene for the first time on Monday, September 26th, to receive the reports of officers and committees and transact other business. On Thursday, September 29th, at its second session, the council will elect members of the executive committee, the committee on professional ethics, and the board of

examiners, and will give its attention to new business.

#### ACCOUNTANCY EXAMINERS

As customary, the board of examiners of the Institute and the Association of Certified Public Accountant Examiners will hold a conference open to all persons interested, but particularly designed for members of state accountancy boards. This session will convene at 2 P.M. on Monday, September 26th. Speakers will describe the accountancy examination systems of England and Scotland, and A. H. Carr, secretary of the Dominion Association of Chartered Accountants, will discuss the examinations of Canada. There will be discussion of the progress made during the past year in extending the use of the Institute's standard examinations.

#### ADVISORY COUNCIL

The Advisory Council of State Society Presidents will hold its annual meeting at 2 P.M. on Monday, September 26th. State societies not represented by their presidents may send special representatives to participate in the proceedings. Without lengthy speeches, those present will discuss problems common to state societies, such as public relations, natural business year, and relations with other groups. As usual, there will be discussion of means of cooperation between the Institute and the various societies.

#### MACHINE EXHIBIT

At 10 A.M. on Monday, September 26th, an exhibit of accounting machinery on the floors of the hotel will be opened for inspection. The exhibit will remain throughout the meeting. As noted elsewhere, there will be a round-table discussion on Wednesday morning at which the exhibitors will describe their products.

### THE OHIO SOCIETY

The Ohio Society, hosts to the Institute and its members during the meeting, will entertain members of the Institute's council and the Advisory Council of State Society Presidents at a luncheon at 12:30 on Monday, September 26th.

At 12:15 on Tuesday, also at luncheon, the Ohio Society will hold its annual meeting. Only members of the society will be admitted.

### GOLF TOURNAMENT

The annual golf tournament for possession of the Missouri golf trophy, presented to the Institute in 1924 by the Missouri Society of Certified Public Accountants, will be held on Wednesday, September 28th, beginning at 2:30 P.M., at the Kenwood Country Club, following a luncheon for the participants. The competition will be between teams representing the various state societies and chapters of societies.

A team will consist of four players, each of whom must be a member of the Institute and of the state society which he represents. The match will consist of 18 holes at medal play. The team with the lowest aggregate gross score will be awarded the trophy, to remain with that team until the trophy is entered in competition at the next annual meeting of the Institute.

In addition to the Missouri trophy, prizes will be offered for low gross, low net, and other scores.

Details of the arrangement of these matches will appear in the final program and will be announced at the meeting. Individual entries must be filed showing players' handicap.

The entry fee for the golf tournament has been fixed at \$5 for each player, which will cover cost of greens fee and luncheon, but will not include caddy fee or transportation.

### TENNIS TOURNAMENT

Arrangements are being made for the usual tennis tournament for possession of the Missouri trophy, now held by the New York State Society.

### ENTERTAINMENT

Some special feature has been arranged for each day of the meeting, beginning with a cocktail party at 5 P.M. on Monday, September 26th.

On Tuesday evening, September 27th, at the Pavillon Caprice, there will be a supper dance beginning at 9:30, with supper served at midnight.

Wednesday, with the exception of round-table sessions, will be devoted entirely to entertainment. On this day, there will be the annual golf tournament for possession of the Missouri trophy. The event will be held at the Kenwood Country Club and will be preceded by luncheon for participants in the tournament. The Kentucky Society of Certified Public Accountants will be host to members of the Institute at the Latonia Jockey Club, where one of the races during the afternoon will be designated the American Institute of Accountants' handicap.

The annual banquet will bring the meeting to a close on the evening of Thursday, September 29th. The principal speakers, as noted elsewhere in this issue, will be Arthur T. Vanderbilt, immediate past president of the American Bar Association, and Charles P. Taft, of Cincinnati, well known civic leader.

### LADIES' PROGRAM

The ladies attending will of course take part in many of the events included in the general entertainment program, such as the cocktail party on Monday afternoon, the supper dance Tuesday night, the races at the Latonia track on Wednesday afternoon, and the

banquet on Thursday. In addition, a special program for their entertainment has been devised.

They may play golf at any one of several courses by special arrangement. There will be trips to the Cincinnati Zoölogical Gardens, with luncheon at the club house, to the Taft Museum, the WLW broadcasting station, the Proctor & Gamble Company plant, the Rookwood Pottery, and the Cincinnati Art Museum. On Wednesday, there will be a bridge luncheon at the Hyde Park Country Club and on Thursday, tea at the Gibson Hotel.

#### REGISTRATION

The registration fees have been fixed at \$8 for men and \$6 for ladies. This does not cover entrance in the golf or tennis tournaments, but does include all other regular events on the program, both business and entertainment. Registration will begin on Sunday, September 25th.

#### HOTEL ACCOMMODATIONS

The Netherland Plaza hotel, where all sessions of the meeting will be held, offers the following room rates:

Single—\$3 to \$10  
 Double—\$5.50 to \$12  
 Twin—\$6 to \$10  
 Suites—\$11 to \$50

Reservations should be addressed to the attention of Royal Ryan, convention manager, the Netherland Plaza hotel. They should indicate the probable time of arrival, and if any subsequent change is made in an arrival time, the hotel should be notified immediately, for reservations will not be held after the time indicated.

As the Netherland Plaza can accommodate only about 750 of those attending the meeting, it is likely that a number of persons will have to stay

at other hotels. The Netherland Plaza will advise anyone to whom accommodations are not available, and will assist them in making reservations elsewhere. Those who wish to stay at the headquarters are urged to make their reservations as early as possible. An acknowledgment from the hotel should be received immediately.

#### Institute Representative to Management Congress

C. Oliver Wellington, of New York, N. Y., has been appointed to represent the American Institute of Accountants at the Seventh International Management Congress, to be held at Washington, D. C., September 19-23, 1938, under the auspices of the International Committee of Scientific Management, of which Viscount Leverhulme, of London, is president.

#### Interstate Practice

The Institute's committee on state legislation has undertaken a study of the problems and difficulties which may arise when an accountant of one state needs to enter another state to complete an engagement. On July 9th the committee dispatched a questionnaire to all members and associates of the Institute, asking for a report of any inconveniences or difficulties in interstate practice experienced during the last five years.

It is not known whether these problems are so serious or of such frequent occurrence as to constitute real barriers to the rendering of service to clients or represent substantial interference with such service. If returns to the questionnaire indicate that there is substantial interference with the profession's service to clients, due to interstate practice requirements, then the committee will consider how the situation might be remedied.

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**Jesse Ray Carter**

The Institute has just received notice of the death last May of Jesse Ray Carter, of San Francisco, Calif. Mr. Carter was born in Palmyra, Mo., in 1889, and received his license to practise in the state of California in 1923. He was a member of the California State Society of Certified Public Accountants, and since 1923 had been a member of the American Institute of Accountants. At the time of his death Mr. Carter was practising on his own account in San Francisco.

**James H. Dawson**

James H. Dawson, of Brooklyn, N. Y., died in June. Mr. Dawson was a certified public accountant of the state of New York and a member of the New York State Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1911.

**Maurice T. Fleisher**

Maurice T. Fleisher, a partner of Fleisher, Fernald & Company, Philadelphia, Pa., died June 29th. He was a certified public accountant of Pennsylvania and New Jersey, and had been a member of the American Institute of Accountants since 1930. At the time of his death Mr. Fleisher was treasurer of the public relations committee of Philadelphia County League of Building and Loan Associations, treasurer of Brodheads Forest & Stream Association, and trustee of Student Loan Fund of Jenkintown High School.

**Winfield Q. Sharp**

Winfield Q. Sharp, of Jackson, Miss., died suddenly at Washington, D. C., on June 21st. Mr. Sharp was born at McComb, Miss., in 1881, and received

his A.B. degree from Mississippi College at Clinton. For two years after graduation he was a teacher in the public schools of the cities of Jackson and Carthage, Miss. Mr. Sharp entered the practice of public accountancy in 1908, and at the time of his death, he was senior partner in the firm of W. Q. Sharp & Company, at Jackson.

A member of both the Society of Louisiana Certified Public Accountants and the Mississippi Society of Certified Public Accountants, Mr. Sharp served from 1920 to 1922 as president of the Mississippi Society and from 1922 to 1928 as secretary of the Mississippi State Board of Public Accountancy. He was also licensed to practice before the Board of Tax Appeals. Since becoming a member of the American Institute of Accountants in 1923, Mr. Sharp served on a number of its committees and was a member of the council for two four-year terms. He was also active in various civic organizations in Jackson.

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**Price Research**

The American Institute of Accountants has accepted an invitation to participate in the studies of the Conference on Price Research, an organization in which a number of associations having an interest in the subject collaborate under the general auspices of the National Bureau of Economic Research.

Harry Hough, of New York, has been designated the Institute's representative, with Raymond Ives, of New York, as alternate.

Universities and research agencies represented are the Universities of Chicago, Pennsylvania, Minnesota, Harvard, and Columbia; Food Research Institute of Stanford Univer-

sity; the Bureau of Agricultural Economics and Labor Statistics; the Brookings Institution and the Central Statistical Board.

In the main the activities of the conference have been directed toward exploratory studies of problems of prices and costs in selected industries. In 1936 committees were organized to undertake such studies in bituminous coal, oil, textiles, iron and steel, and automobiles. In 1937 a committee to examine distributional costs and pricing policies at retail was established. These committees were not intended to be research bodies. They were requested to define unsettled economic problems of concern to industrialists and economists, summarize and appraise existing data, and outline a program of research. Each committee was composed of representatives of the industry and academic economists. It is expected that the reports of these committees will be published within the next six months.

At the close of a two-year experimental period, the joint committee of university and National Bureau representatives which had brought the conference into being voted in favor of a more permanent program of coöperation in research. Accordingly, at its annual meeting on April 8 and 9, 1938, the Conference on Price Research took action looking toward a somewhat extended program of future activities.

It is planned that the conference shall set up a special committee to deal with the relations between costs and price. One of the objectives of this committee will be to bring together selected accounting and economic groups to formulate a statement bringing into sharper focus the differences in meaning attached to terms like costs, depreciation, and profit by accountants, businessmen and economists.

## Theories of Depreciation

In an article entitled "Annual Survey of Economic Theory: The Theory of Depreciation," which appeared in the July issue of *Econometrica*, Gabriel A. D. Preinreich, a member of the Institute, surveys the literature of depreciation and, appraising representative samples of independent thought, undertakes to state their valid portions as a foundation for further development. In doing so, Mr. Preinreich makes contributions of his own and reaches certain conclusions of interest to accountants.

Mr. Preinreich approaches the subject critically and applies the test of mathematics to the prevalent theories and related methods of depreciation. Mathematical economists, he says, have given most of their attention to the economic behavior of a single machine and have neglected "the continuous flow of productive assets through a plant or productive center." Engineers have emphasized the latter aspect, but have given little or no attention to the concept of value, as governed by the economic phenomena of profit and interest. Accountants, according to Mr. Preinreich, have discussed the various depreciation methods without scientific analysis, but what they say often has more merit than economists are willing to concede.

Attempts to compare different methods of depreciation in terms of a composite plant, the article states, have been hampered by the lack of a simple expression for the rate of renewal, and Mr. Preinreich offers an "equation of the renewal curve," designed to fill this need. He then compares the straight-line, annuity, diminishing-balance, and retirement methods.

One of the conclusions which Mr. Preinreich reaches is that, in the case



of an entirely static (as opposed to expanding) plant, any method of depreciation will ultimately produce the same charges to operations, so that the amount of profit will ultimately be independent of the depreciation method, though the same profit will be measured per centum of widely differing bases.

### Competitive Bidding

At its annual meeting on June 17th, the Missouri Society of Certified Public Accountants as a whole adopted the resolution concerning competitive bidding which had been adopted by the Kansas City Chapter last December (and which was issued by the information clearing house of the American Institute in May). The only change in phraseology was the substitution of the name of the state society for that of the Kansas City Chapter where necessary. Following is the text of the resolution:

"WHEREAS, Rule 5 of the rules of professional conduct appearing in article XVI of the by-laws of the Missouri Society of Certified Public Accountants reads as follows: 'No member shall directly or indirectly solicit the clients or encroach upon the business of another member, but it is the right of any member to give proper service and advice to those asking such service or advice,' and

"WHEREAS, The code of ethics of the American Institute of Accountants (rule 8) is identical with the provision quoted next above, and

"WHEREAS, The subject of competitive bidding is receiving a great deal of attention from state societies of certified public accountants, the Connecticut Society having recently adopted a rule absolutely prohibiting this practice, and

"WHEREAS, It is the general opinion in the accounting profession that a client is best served by retaining the

services of the same auditor so long as such services shall prove satisfactory, and

"WHEREAS, In recent years there has developed a tendency to solicit the request for competitive bids from political subdivisions, such as cities, counties, school boards, et cetera; churches, clubs, fraternal, and public and quasi-public organizations,

"NOW, THEREFORE, Be it resolved that the Missouri Society of Certified Public Accountants declares its position is that the audit of such organizations should be regarded as in no way different from the audit of ordinary commercial institutions; that the practice of competitive bidding with respect to the audits of such organizations is condemned; that members of the society are warned that the direct solicitation of such accounts, if served by another member of the society, constitutes a violation of the rules of professional conduct of the state society, and that all members are requested to discourage, wherever possible, competitive bidding for work of this type.

"IT IS UNDERSTOOD, That the affirmation of this position in no way is intended to prevent any member from answering any bona fide inquiry, or accepting any accounting or auditing engagement, upon request to do so by the duly authorized officers or agents of any such organization as is herein described, provided such request or offer of employment is voluntarily made and not solicited, directly or indirectly, where such organization has already employed auditors who are members of this organization."

In this report as president, Parry Barnes, of Kansas City, said:

"It will be well to remember that the American Institute of Accountants will enforce the observance of the resolution within the boundaries of the state of Missouri by any of its members even though the residence of such members may be without the state."

## Announcements

Boris Baievsky, of Washington, D. C., has been appointed an alternate member of the accounting section, subcommittee on operation and management of the Central Housing Committee, Washington, D. C.

Raymond S. Blunt & Company announce the removal of their offices to 135 South LaSalle St., Chicago, Ill.

Walter A. Coy & Co. announce the admission to partnership of Otto G. Schwenk, and the change of the firm name to Coy, Schwenk & Company, with offices in the Leader Bldg., Cleveland, Ohio.

Spaulding F. Glass announces that he has opened an office at 1 North LaSalle St., Chicago, Ill., for specialization in tax matters before the newly created regional office of the Bureau of Internal Revenue in Chicago, and other governmental units.

Tom C. Hansen and Francis R. Brodie announce the dissolution of the firm of Smith, Brodie & Hansen and the formation of the firm of Hansen, Brodie & Company, with offices in the Dwight Bldg., Kansas City, Mo.

M. F. Pixton, of Atlanta, Ga., has been appointed a member of the business standards committee of the Kiwanis Club.

Price, Waterhouse & Co., Paris, announce the admission to partnership in their continental practice of Harold Edwards, A.C.A., who for many years has been associated with the firm in a managerial capacity.

The remaining partners of W. Q. Sharp and Company, Jackson, Miss., will continue practice under the same firm name, it has been announced. W. Q. Sharp, the senior partner, died on June 21st.

N. G. Somerville, of Huntington, W. Va., has been appointed chairman of the accounting committee of the American Toll Bridge Association.

James E. Tallent, of New York, has been listed by the New York Stock Exchange on its nonmember panel of 144 persons selected to act as arbitrators in disputes that arise between members and nonmember customers.

Touche, Niven & Co., Paris, announce the removal of their offices to 18-20, Place de la Madeleine.

C. L. Turner, of Philadelphia, Pa., on March 24th delivered an address before the Berks County Clearing House Association, at Reading, Pa., on the subject "Pennsylvania taxes."

David McE. Watson, of Denver, Colo., has been appointed a member of the legislative committee of the Denver Chamber of Commerce.

At the annual meeting of the Massachusetts Savings Bank Association, held April 12th at the Parker House, Boston, Charles F. Rittenhouse spoke in opposition to the proposed Massachusetts sales tax. State Senator Joseph R. Cotton spoke in favor of the tax.

H. C. Williams, of Los Angeles, Calif., has been commissioned a lieutenant commander in the United States Naval Reserve, ranking from March 17, 1938.

Clinton W. Bennett, of Boston, Mass., recently addressed a joint meeting of the Haverhill Rotary and Kiwanis Clubs, at Haverhill, Mass., on the subject, "What's Ahead in Business."



# THE CERTIFIED PUBLIC ACCOUNTANT

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Annual Meeting

The New Headquarters

All-South Accounting Conference

International Management Congress

Proposed Amendment of By-laws

Meetings and Elections

Announcements

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*Officers 1937-1938*

**AMERICAN INSTITUTE OF ACCOUNTANTS**

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

## Annual Meeting

ON SEPTEMBER 1ST more than five hundred persons had reserved rooms at the Netherland Plaza Hotel, Cincinnati, Ohio, for the 1938 annual meeting. This number of reservations at so early a date is extraordinary in comparison with other years. It leads to the confident expectation that the total attendance at the various sessions will surpass one thousand. The principal features of the program have already been announced. An outline of the final program appears on page 7 of this bulletin. The committee on meetings and cooperating committees of the Ohio Society of Certified Public Accountants have completed arrangements for the entertainment of those who attend. Members are again urged to make every possible effort to be present at what promises to be an outstanding meeting—a meeting which will mark the beginning of the profession's second fifty years.

## All-South Accounting Conference

REPRESENTATIVES of eleven state societies of certified public accountants in the south concluded a three-day meeting, designated as the All-South Accounting Conference, at the Hotel Peabody, Memphis, Tenn., on the evening of Saturday, August 27th, after hearing addresses on bankruptcy legislation, municipal accounting, and other matters of current interest and adopting recommendations on interstate practice, natural business year, coöperation with the bar, and competitive bidding.

The second meeting of its kind since the merger of the two national organizations, the southern regional conference was regarded as a complete success by all those present. More than 170 persons were registered. The annual meeting of the Tennessee Society of Certified Public Accountants was held in the afternoon of August 25th, immediately before the opening of the conference.

### RECOMMENDATIONS

A novel and constructive feature of the meeting was the adoption of recommendations on matters of broad professional interest, offered by a "sifting committee" composed of presidents of six state societies, who were in attendance. The committee based its suggestions on a round-table discussion on professional problems of the south at the morning session, August 26th, led by A. C. Upleger of Texas, dealing with the interstate practice of accounting, coöperation between the legal and accounting professions, competitive bidding, and the attraction of desirable young men into the profession. The recommendations of the sifting committee as finally adopted at the open meeting, with certain amendments from the floor, are as follows:

- "1. The Regional Conference be continued.
- "2. The name of the organization shall be—Southern States Accountants Conference.
- "3. Invitations for the next meeting have been extended by the following cities: New Orleans, Atlanta, Houston, Dallas, Oklahoma City, and Tulsa. Because of its geographical location it is recommended that New Orleans be selected for the next meeting place, and that the same be held not later than the spring of 1940.
- "4. The following officers to be elected for the purpose of making arrangements for the next meeting:  
    Chairman,  
    Vice-chairman,  
    Secretary and Treasurer,  
that these officers shall be residents of the city selected for the next meeting place, and that the chairman immediately request each society to select a representative to formulate plans."

[In conjunction with this recommendation a motion was adopted that the Louisiana Society be requested to nominate officers for the next conference, and report to the present chairman of the conference within thirty days.]

"5. The expenses of such meeting shall be defrayed by each society participating in the meeting, in an amount not to exceed \$50 each.

"6. *Interstate Practice.*

It is recommended that this conference endorse the principle of permitting unrestricted temporary practice of certified public accountants in states other than those in which they hold certificates, and that this conference recommends to the American Institute of Accountants, to the participating societies and to the state boards thereof, that their efforts be directed toward bringing about this condition.

"7. *Attracting of Competent and Desirable Young Men to the Profession.*

This committee believes that if this is a problem, its solution lies in the success of the efforts of the profession to distribute its work more evenly over the year, thus insuring a greater opportunity for continuous employment. The adoption of a later date for filing tax returns and the more general adoption of the natural business year will contribute to the solution of this problem.

"8. *Practice of Accountancy by Noncertified Accountants.*

In the opinion of your committee the solution of this problem should be left to the individual states.

"9. *Coöperation between the Legal and Accounting Professions.*

It is recognized that the American Institute of Accountants is doing effective work along this line and it is recommended that the state societies be urged to handle the matter in line with the suggestions of that organization and especially with those suggestions made by the special committee of the Institute.

"10. *Competitive Bidding.*

It is recommended that this conference go on record as condemning the practice of competitive bidding."

Respectfully submitted,

JOHN H. RAWLINGS, *Chairman*, Tennessee

J. J. SCARBOROUGH, Alabama

BROOKS GEOGHEGAN, Georgia

EDWARD S. RITTLER, Louisiana

T. W. MOHLE, Texas

ROSS T. WARNER, Oklahoma

#### ADDRESSES

In the course of the meeting, those assembled heard an address by the Honorable Walter Chandler, United States Congressman from Tennessee, who described the bankruptcy act of 1938, which bears his name. In particular, he pointed out the opportunities for service by the accounting profession under the terms of the new law. Other addresses were made by



George P. Ellis, member of council and chairman of the special committee on governmental accounting of the American Institute of Accountants, who urged that the profession take leadership in improvement of financial, economic, and accounting practices of local governments; by Durand W. Springer, former secretary of the American Society of Certified Public Accountants and of the Michigan State Board of Accountancy, who discussed the problems of young men entering the profession; and by John L. Carey, secretary of the American Institute of Accountants, who described the improvements in organization of the profession as a whole which had been accomplished since the merger of the two national organizations.

#### ROUND TABLES

In addition to the round-table discussion on professional problems of the south, the morning conference of Saturday, August 27th, was devoted to informal discussion of how state societies can help the profession, led by Harry M. Jay, of Tennessee; what may be accomplished through regional meetings, led by René J. LeGardeur, of Louisiana, and how ties between the state and national organizations can be strengthened, led by the secretary of the Institute.

#### ENTERTAINMENT

An elaborate program of entertainment had been arranged by the Tennessee Society. A dinner and dance on the roof of the Hotel Peabody occurred on the evening of Thursday, August 25th. On the following evening, there was a cocktail party followed by buffet supper, and on Saturday, a banquet and floor show. Special luncheons, sightseeing trips, and a tea had been arranged for the ladies, of whom there were about fifty present.

#### ORGANIZATION

The meeting was opened by John H. Rawlings, president of the Tennessee Society of Certified Public Accountants, who called for election of a general chairman of the conference. Henry C. Miller was elected to that office, and J. Clayton Sims, secretary of the Tennessee Society, was named as secretary of the conference. The address of welcome was delivered by the Honorable Clifford Davis, vice-mayor of Memphis, and William Cotton, member, State Board of Accountancy of Kentucky, responded.

Roscoe C. Clark, of Memphis, was general chairman of the conference, and Harry M. Jay, also of Memphis, was in charge of the program. Mrs. Jay was general chairman of the ladies' committee. G. A. Watson was chairman of the publicity committee, whose efforts resulted in excellent notices in the Memphis press.

# American Institute of Accountants

## The New Headquarters

The Institute's staff occupied its new offices at 13 East Forty-first Street, New York, N. Y., on August 15th. In the first two weeks of occupancy it became evident that the change in location would enable members of the Institute from out of town, as well as those resident in New York, to make more extensive use of the national organization offices than before. The number of visitors has increased sharply over the normal average at the less accessible building downtown, and the attractive rooms available for conferences or for resting between appointments have already drawn many members to the building who had not visited national headquarters in the past. The Institute's library, one of the finest of its kind in the world, has at last sufficient space to permit adequate storage of books and comfortable quarters for the numerous visitors who come to read.

In the new American Institute of Accountants' building, the entire executive staff is housed on one floor, which greatly facilitates the work of the organization and eliminates much waste of time which could not be avoided in the older building.

Perhaps not the least important consideration is the fact that the general appearance of the new offices is entirely in keeping with the character of the enlarged national accountancy organization. In every respect the new quarters seem worthy of the purpose to which they have been adapted.

## Proceedings of the Annual Meeting

As soon as possible after the close of the annual meeting full reports of all round-table discussions and of the general discussion of *A Statement of Accounting Principles* will be printed in pamphlet form and mailed to each member and associate of the Institute, and subsequently will be placed on sale to others at a nominal cost. Formal addresses will be omitted from the pamphlet; these are to be published as separate articles in *The Journal of Accountancy*. Minutes of business sessions and committee reports will be published as usual in the *Yearbook*.

## Proposed Amendments to By-Laws

Members and associates of the Institute received with the official notice of the annual meeting, mailed early in August, a copy of the report of the committee on by-laws, recommending two minor amendments to the by-laws of the Institute. The proposed amendments, for the purpose of establishing a standing committee on membership, are as follows:

"Substitute the word 'fifteen' in place of the word 'fourteen' in the first sentence of article IX, section 1, so that the sentence will read: 'There shall be fifteen regular standing committees, namely: . . .'

"Insert in the list of committees under article IX, section 1, after the word 'Meetings' the word 'Membership.'"

## Annual Meeting of Dominion Association

The thirty-sixth annual meeting of The Dominion Association of Chartered Accountants was held in Halifax, Nova Scotia, August 22nd to 25th, inclusive. The first two days were given over largely to registration and meetings of the executive committee and council of the association, at which reports from constituent institutes of the nine provinces were received.

Addresses of welcome were made by Premier MacDonald of Nova Scotia and by a representative of the Mayor of Halifax. The following addresses were delivered at the general sessions on Wednesday and Thursday, August 24th and 25th:

Frank A. Nightingale, of Halifax, president of the Dominion Association—president's address.

George Cochrane, of New York, N. Y., representative of the Institute of Chartered Accountants in England and Wales, and a member of the American Institute of Accountants.

William C. Heaton, of New York, N. Y., vice-president of the American Institute of Accountants—"The Profession in the United States."

H. G. Norman, of Montreal—"Our Profession—*Quo Vadis?*"

At the third general session on Thursday afternoon, there was round-table discussion of the subject, "Should the Statutory Form of the Auditor's Report to the Shareholders be Changed?" under the chairmanship of Kenneth W. Dalglish, of Montreal.

The Honorable James L. Ilsley, Minister of National Revenue, Ottawa, was the principal speaker at the banquet on Thursday evening.

Mr. William E. Hodge, of Moose Jaw, Saskatchewan, will be president of the Dominion Association of Chartered Accountants for the coming year.

Although the educational methods in Canada are different from those in the United States, and one must enter into the profession of public accounting through a different route, it appears that the problems in that country are remarkably similar to those engaging the attention of the profession in the United States. Particular emphasis was laid upon education for young men aspiring to acquire the title of Chartered Accountant and upon the need for a syllabus to guide them in their studies during their period of apprenticeship. A movement for uniform examinations throughout the Dominion is well under way.

The Nova Scotia Institute, as hosts, were generous and gracious in their hospitality. Perhaps the most notable part of their entertainment for their guests was a sail on the fishing schooner, "Bluenose." This schooner has been champion in its class since 1920. For months each year it is used for fishing off the banks of Newfoundland and elsewhere. In the fall it enters the races; it has been uniformly successful against all challengers for seventeen years.

## Theories of Depreciation

In the August issue of this bulletin reference was made to an article entitled "Annual Survey of Economic Theory: The Theory of Depreciation," by Gabriel A. D. Preinreich, which appeared in the July issue of *Econometrica*. Reprints of this article are available and may be obtained free of charge by writing direct to Mr. Preinreich at 17 East Forty-second Street, New York, N. Y. "The Principles of Public Utility Depreciation," a slightly different version of the same article, published in the June issue of *The Accounting Review*, may also be obtained in reprint form from Mr. Preinreich.

# Program of Annual Meeting

## SUNDAY, SEPTEMBER 25TH

All day. Registration.

## MONDAY, SEPTEMBER 26TH

All day. Registration.

9:30 A.M. Meeting of Council (executive session).

10:00 A.M. Machine Exhibit (to be open until Thursday evening).

12:30-2:00 P.M. Luncheon for Members of Council of American Institute of Accountants and State Society Presidents or Representatives, as Guests of Officers and Directors of Ohio Society of Certified Public Accountants.

2:00-5:00 P.M. Meeting of Advisory Council of State Society Presidents.

Joint Meeting of Accountancy Examiners under Auspices of Association of Certified Public Accountant Examiners and Institute Board of Examiners.

**Address: "Accountancy Examinations of Canada."**

**Austin H. Carr**, Secretary-Treasurer, the Dominion Association of Chartered Accountants.

**Address: "Accountancy Examinations of Great Britain."**

**Harold R. Caffyn**, member, American Institute of Accountants.

**Address: "Professional Training."**

**George P. Ellis**, member, American Institute of Accountants.

5:00-7:00 P.M. Cocktail Party for Ladies and Gentlemen. Music.

## TUESDAY, SEPTEMBER 27TH

9:00 A.M.-12:00 M. General Session: President's Address.

Report of Council.

**Address: "Inconsistencies in Accounting Requirements of State and Federal Regulatory Bodies."**

**Henry A. Horne**, Chairman, Special Committee on Public-Utility Accounting, American Institute of Accountants.

*No Discussion from the Floor.*

12:15-2:30 P.M. Luncheon. Annual Meeting of Ohio Society of Certified Public Accountants. (Admission to Ohio Society members only.)

2:30-4:30 P.M. Round-Table Sessions:

**"Building and Loan Accounting."**

**Leader: Frank S. Glendening**, Chairman, Special Committee on Savings and Loan Accounts, American Institute of Accountants.

*Speakers:*

**John W. Ballard**, Chief Examiner, Federal Home Loan Bank Board.

**George L. Bliss**, Chairman, Accounting Division, United States Building and Loan League.

**Thomas A. Williams**, Chairman, Committee to Investigate Audit Requirements of Government Agencies for Homesteads, Society of Louisiana Certified Public Accountants.

**"Revenue Act of 1938."**

**Leader: Victor H. Stempf**, Chairman, Committee on Federal Taxation, American Institute of Accountants.

*Speakers:*

**Walter A. Cooper**, Member, American Institute of Accountants.

**F. B. Andrews**, Member of Council, American Institute of Accountants.

**J. S. Seidman**, Member, American Institute of Accountants.

**Clarence L. Turner**, Member, American Institute of Accountants.

**"Modern Developments in Costs, Budgets, and Control."**

**Leader: J. Brooks Heckert**, Ohio State University.

*Speakers: Charles Reittel*, of Stevenson, Jordan and Harrison.

**Horace G. Crockett**, Member, American Institute of Accountants.

9:30 P.M.-2:30 A.M. Supper Dance.

## WEDNESDAY, SEPTEMBER 28TH

10:00 A.M.-12:30 P.M. Round-Table Sessions:

**"Accountants' Certificates."**

**Leader: George D. Bailey**, Member, American Institute of Accountants.

*Speakers:*

**Samuel J. Broad**, Member, Special Committee on Cooperation with Securities and Exchange Commission, American Institute of Accountants.

**A. S. Fedde**, Chairman, Special Committee on Cooperation with Bankers, American Institute of Accountants.

**David Himmelblau**, Member, American Institute of Accountants.

**F. H. Hurdman**, Chairman, Special Committee on Coöperation with Stock Exchanges, American Institute of Accountants.

**Ralph B. Mayo**, Member of Council, American Institute of Accountants.

**"Relationships Between Legal and Accounting Concepts."**

*Leader:* **James L. Dohr**, Member, American Institute of Accountants.

*Speakers:*

**Frederick S. Fisher, Jr.**, Attorney-at-Law.

**Harold Dudley Greeley**, Attorney-at-Law.

**Underhill Moore**, Professor, Yale University Law School.

**Paul W. Pinkerton**, Member, American Institute of Accountants.

**"Machine Accounting."**

*Leader:* **Berl G. Graham**, Member, American Institute of Accountants.

1:00-2:00 P.M. Luncheon for Golfers. Kenwood Country Club.

2:30-6:00 P.M. Annual Golf Tournament. Kenwood Country Club. Annual Tennis Tournament.

1:30-6:00 P.M. Races at Latonia, Ky., by arrangement of Kentucky Society of Certified Public Accountants.

2:30-4:30 P.M. Round-Table Sessions: **"Future of the Certified Public Accountant."**

*Leader:* **Gordon S. Battelle**, member, American Institute of Accountants.

*Speakers:*

**J. N. Aitken, Jr.**, member, American Institute of Accountants.

**A. De Witt Alexander**, member, American Institute of Accountants.

**Cyril Talbot**, member, American Institute of Accountants.

**"Problems in the Social Security Act."**

*Leader:* **H. C. Anderson**, Chairman, Special Committee on Social Security Act, American Institute of Accountants.

*Speakers:*

**R. W. E. Cole**, member, Special Committee on Social Security Act, American Institute of Accountants.

**Walter J. Mackey**, Ohio Unemployment Compensation Commission.

**Henry P. Seidemann**, Treasurer, The Brookings Institution.

9:00 P.M. Entertainment.

**THURSDAY, SEPTEMBER 29TH**

9:30 A.M.-12:30 P.M. General Session: Election of Officers and Members of Council.

Selection of 1939 Meeting Place.

**Address: "Federal Tax Revision, 1939."**

**Roswell Magill**, Retiring Undersecretary of the Treasury.

*No Discussion from the Floor.*

**Discussion of "A Statement of Accounting Principles."**

*Leader:* **Rodney F. Starkey**, of New York, N. Y.

*Speakers:*

1. Uniformity in Accounting—Walter A. Staub, of New York, N. Y.

2. Principles Related to Capital Gains and Losses; Unrealized Profits and Losses; Correction of Past Errors in the Income Account; Deficits of the Development Stage—Henry T. Chamberlain, of Chicago, Ill.

3. Principles of Depreciation—Paul Grady, of Chicago, Ill.

4. Valuation of Fixed Assets, and Principles Related to Write-ups and Write-ins—Jacob B. Taylor, of Columbus, Ohio.

5. Principles Related to Inventory Valuation—J. Chester Crandell, of Boston, Mass.

6. Principles Related to Deferred Charges and Prepaid Expenses—W. A. Paton, of Ann Arbor, Mich.

7. Principles Related to Treasury Stock and Profits and Losses on the Sale Thereof—Albert J. Watson, of San Francisco, Calif.

8. Principles Related to Earned Surplus—Will-A. Clader, of Philadelphia, Pa.

9. Principles Related to Charges Against Surplus—Warren W. Nissley, of New York, N. Y.

10. Principles Related to Consolidated Statements—Eric L. Kohler, of Chattanooga, Tenn.

1:00-2:00 P.M. Luncheon for Members of Council of American Institute of Accountants and officers and directors of Ohio Society, as Guests of Indiana Association of Certified Public Accountants.

2:00-5:00 P.M. Discussion of *A Statement of Accounting Principles* (continued).  
 5:00 P.M. Meeting of Council (executive session).  
 7:00 P.M. Annual Banquet—Robert E. Warren, of Cleveland, Ohio, Toastmaster.  
**Address: Arthur T. Vanderbilt**, Past President of the American Bar Association.  
**Address: "The Signs of the Times."**  
**Charles P. Taft.**  
 10:00 P.M.—2:00 A.M. Dancing and Entertainment.

### Transportation to the Annual Meeting

The New York Central railway system has announced that an accountants' special section of the Ohio State Limited, including club-lounge and dining car, will be operated between New York and Cincinnati, September 24th and 25th, provided the number in the party warrants; otherwise the special cars will be attached to the Ohio State Limited operating on the following schedule:

SATURDAY, SEPTEMBER 24TH	
Lv. New York (Grand Central Terminal).....	E.S.T. 3:35 P.M.
Ar. Albany.....	6:18 P.M.
Lv. Boston.....	12:50 P.M.
Ar. Albany.....	6:10 P.M.
Lv. Albany.....	6:30 P.M.
Lv. Utica.....	8:19 P.M.
Lv. Syracuse.....	9:20 P.M.
Lv. Rochester.....	10:47 P.M.
Lv. Buffalo.....	11:57 P.M.
SUNDAY, SEPTEMBER 25TH	
Ar. Cincinnati.....	8:40 A.M.

Pullman fares between New York and Cincinnati are as follows:

Lower berth.....	\$5.25
Upper berth.....	4.00
Section (1 person).....	7.35
Bedroom (1 person).....	9.45
Bedroom (2 persons).....	10.50
Compartment (2 persons).....	14.70
Drawing room (2 or 3 persons).....	18.90

### Essay Prize

The Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants has approved a plan of its education committee to offer a prize of \$25 to the student in accounting at a college or university in the chapter area, who submits the best essay on an accounting subject selected by the education committee.

### Proposed Changes in the Federal Revenue Law

During the summer, the Institute's committee on federal taxation gathered recommendations for the revision of the federal revenue law. The coöperation of the state societies of certified public accountants was sought, and many responded.

On July 26, 1938, the recommendations, in the form of a questionnaire, were resubmitted to the state societies and others. Replies were received from 63 sources, including 32 out of the 48 state societies. The other answers emanated from tax accountants to whom the state societies and the committee referred the inquiry.

The committee has tabulated the replies, and the results are presented in the summary on pages 10 and 11 which, in the opinion of the committee, expresses a fair, nationwide cross-section of the views of professional accountants on these vital questions of taxation.

The summary, with a supporting memorandum, has been sent to the Honorable Roswell Magill, Undersecretary of the Treasury. The substance of the memorandum will be embodied in the report of the committee to be submitted to the council at the annual meeting in Cincinnati at the end of September, and probably will be published in detail in *The Journal of Accountancy* for October, 1938.

# Summary of Views Expressed by State Societies of Certified Public Accountants and Others Regarding Proposed Revision of Federal Revenue Law (Submitted August, 1938)

## BASIC PRINCIPLES

	Yes	No	Doubtful
1. Taxation should be based upon fixed principles closely related to sound accounting procedure.....	63	—	—
2. Adopt moderate tax rates to encourage enterprise.....	58	1	4
3. Congress should create a qualified nonpartisan commission to establish fixed tax principles.....	56	3	4
4. The tax base should be broadened.....	54	3	6
5. Corporate tax burden should be equalized as between normally steady incomes and violently fluctuating earnings.....	42	17	4
6. The law should set forth a satisfactory definition of "earnings or profits".....	54	8	1
7. Net loss carry-over should be restored.....	56	7	—
8. Consolidated returns should be made mandatory.....	46	11	6
9. Corporations may elect to file returns for 52 or 53 week period.....	52	8	3
10. All corporations should be taxed at the same rates on the first \$25,000 of net income.....	52	10	1

## UNDISTRIBUTED-PROFITS TAX

11. Remnant of undistributed-profits tax retained in 1938 act should be removed.....	54	3	6
12. Doubt as to dividends-paid credit where optional distribution is made should be resolved.....	52	2	9
13. Simple scheme should be devised whereby stockholders may pick up pro-rata shares of corporate income without complicated procedure.....	54	6	3
14. Conflict between subsections 27(g) and 27(i) should be reconciled.....	57	1	5

## CAPITAL STOCK AND EXCESS-PROFITS TAXES

15. Capital-stock tax and related excess-profits tax should be repealed.....	44	16	3
16. Excess-profits tax, if retained, should be based upon ordinary business net income and exclude capital gains and losses.....	50	11	2
17. Annual redeclarations of value should be permitted.....	57	6	—

## CAPITAL GAINS AND LOSSES

18. Capital gains and losses should be removed entirely from taxable net income.....	24	37	2
19. All capital gains and losses should be treated as long-term capital gains and losses are treated under the 1938 act.....	45	13	5
20. As capital gains are taxable in full to corporations, capital net losses should also be allowed in full.....	62	1	—

## INVENTORIES

21. Dealer in securities or commodities should be permitted to inventory short position.....	51	6	6
22. Provisions of 1938 act, covering the "last-in, first-out inventory method," are too narrow.....	53	—	10

## BASIS OF PROPERTY

23. Basis of depreciable property should be reduced only by depreciation allowed.....	56	3	4
24. Basis of property received as gift in contemplation of death, should be probate value.....	54	7	2
25. Basis of property devised, where estate tax is computed on values one year after death, should be value upon which estate tax is computed.....	58	3	2
26. Where loss results in transaction between persons to whom losses would be disallowed, basis of property should be transferor's basis.....	56	5	2
27. Law should contain provision that basic cost of stock sold by any taxpayer is average cost.....	31	26	6
28. Where held that redemption of stock is in effect a taxable dividend, basis of stock to stockholders should be applied against (1) dividend or (2) other holdings in the corporation.....	53	4	6

**RECOGNITION OF GAIN OR LOSS**

29. Irremovable improvements by lessees should not be considered as income to lessor until disposed of.....	54	6	3
30. To avoid constant annoyance, loss or gain on trade-in of business property should be recognized.....	59	3	1
31. In view of Hendlar case, section 112(d) should be amended to permit assumption by a transferee of liabilities of transferor without impairing tax-free status of transaction.....	56	2	5
32. Gross income should not include indebtedness cancelled as result of adjudication in bankruptcy, or agreement with creditors, if immediately before cancellation, debtor's liabilities exceed assets.....	60	2	1

**BAD DEBTS AND WORTHLESS SECURITIES**

33. Losses from uncollectible corporate obligations and worthless stocks should not be subject to capital gain and loss limitations.....	55	7	1
34. When mortgage debt is compromised by debtor transferring title to mortgagee for release of uncollectible obligation, mortgagee should be allowed to deduct loss as bad debt.....	59	2	2
35. Bad debts should be deductible in year of ascertainment by taxpayer, although charged off in different year.....	43	17	3
36. Stock loss should be deductible in year taken by taxpayer if such year is within five-year period in which event occurs which clearly establishes worthlessness.....	38	19	6
37. Treasury Department should publish in Internal Revenue Bulletin Service year in which securities are held worthless.....	59	4	—

**ESTATE AND GIFT TAXES**

38. The law with respect to the valuation of large blocks of stock should be clarified.....	58	3	2
39. Decedent's charitable pledges are usually valid claims against estate and should be allowed as deductions for estate tax purposes.....	62	1	—
40. Where gift tax is paid on property subjected to estate tax, credit should be allowed for gift taxes at highest gift tax rates paid, instead of average rate paid in year of gift.....	52	8	3
41. The provisions of the estate tax law should be consolidated into one act.....	63	—	—

**BOARD OF TAX APPEALS AND COURTS**

42. Eliminate distinction between court actions against the collector and against the United States.....	53	1	9
43. Give the board jurisdiction over claims for refund.....	55	2	6
44. Make it mandatory for commissioner to take cases through courts where he does not acquiesce in board ruling.....	51	8	4

**MISCELLANEOUS SUGGESTIONS**

45. Section 803 concerning foreign corporations should be repealed.....	55	6	2
46. Section 820 should be stricken from the law until it can be rerafted.....	55	5	3
47. Filing of federal income-tax returns should be extended to 15th day of fourth month after close of taxable year.....	58	5	—
48. Taxes should be deductible when accrued in accordance with regular accounting procedure.....	57	6	—
49. Expenses incurred in the production of taxable income should be allowed although such income does not arise from trade or business.....	63	—	—
50. Intent of Congress to allow corporations full deduction for contributions for benefit of employees, should be clearly stated in law.....	63	—	—
51. Personal holding companies on cash basis should use income tax accrued instead of paid for title IA tax.....	51	5	7
52. Section 311 should provide for allowance of refunds to transferee of overpayments by transferor.....	57	1	5
53. Permit individuals not in trade or business to file returns in district in which employed.....	56	4	3
54. Waiver of Statute of Limitations should also extend time for filing claims for refund.....	61	2	—
55. Interest is collected on deficiencies from date first instalment was due. Such interest should be charged from due date of instalments.....	56	6	1
56. Such income taxes as the British, withheld from dividends at source, should be allowable as credit under Section 131(a).....	51	4	8



### Confidence Men

In recent months there have been a number of instances reported to the Institute in which confidence men have victimized accountants. These have been severally reported in **THE CERTIFIED PUBLIC ACCOUNTANT**.

One offender secured small loans from a number of accountants in Kansas City, Mo., by claiming to be the representative of a well known business concern and then proceeding to discuss the engagement of the auditing services of the accountants approached. In another case, under pretense of arranging to have a New York accountant engaged in an important tax case in a distant city, a person representing himself to be a former revenue agent at-

tempted to secure the loan of railroad fare necessary for the proposed trip. Another impostor, claiming to be a certified public accountant of California, visited a number of cities in the east and south leaving a trail of bad checks. In one city he endeavored to interest local accountants in a system of accounts for dentists which he had developed.

The Institute has now received from a member a detailed description of an impostor who was active in Montana during the fall of 1937. This may be helpful to accountants in identifying or tracing confidence men with whom they have had experience. Anyone who wishes may obtain a copy of this description by writing to the secretary of the Institute.

#### Raymond T. Anderson

Raymond T. Anderson, of Dallas, Texas, died on August 21st, at the age of 39. He was a partner of Arthur Young & Co., and was resident manager at Dallas. Mr. Anderson was a certified public accountant of Louisiana and Missouri, and a member of the Texas Society of Certified Public Accountants. He was also a member of the American Institute of Accountants.

#### Arthur B. Cornwall

Arthur B. Cornwall, of Brooklyn, N. Y., died at his home on July 16th. Mr. Cornwall was born at New Haven, Conn., in 1861, and received his B.A. degree from Yale University in 1883. He received his C.P.A. certificate from the state of New York in 1910 and had been a member of the American Institute of Accountants and its predecessor organizations since that date. At the time of his death Mr. Cornwall was practising on his own account.

#### J. Frank Pflug

J. Frank Pflug, of Kansas City, Mo., died on August 8th. Mr. Pflug was born in Hastings, Mich., in 1877. His early experience in the accounting field consisted of work for railroads, mining, smelting, and various commercial companies. Mr. Pflug held C.P.A. certificates of the states of Missouri, Oklahoma, Utah, and Wisconsin. He was a partner of Haskins & Sells, and at the time of his death was manager of the Kansas City, Mo., office of that firm. He had been a member of the American Institute of Accountants since 1924.

#### Jack L. Wilson

Jack L. Wilson, of Los Angeles, Calif., died suddenly on August 5th at the age of 28. He was associated with Price, Waterhouse & Co. Mr. Wilson was a member of the California State Society of Certified Public Accountants and had been a member of the American Institute of Accountants since 1936.

### **Examinations**

The regular fall examinations of the American Institute of Accountants will be held on November 17th and 18th. Coöperating state boards of accountancy will hold their sessions on the same days. Further details will be published in the October issue of this bulletin.

### **President to Attend Kansas Meeting**

As this bulletin goes to press, Clem W. Collins, president of the American Institute of Accountants, is scheduled to attend the annual meeting of the Kansas Society of Certified Public Accountants, to be held at Salina, September 9th. Mr. Collins will be the principal guest speaker at the meeting.

### **Competitive Bidding**

Since the Connecticut Society of Certified Public Accountants, in October, 1937, adopted a rule forbidding its members to bid for engagements in competition with other accountants on any basis, there has been widespread discussion of this particular problem and two other states, namely, Georgia and Virginia, have adopted similar rules. The Missouri Society has recently, by resolution, forbidden competitive bidding for audits of public or quasi-public organizations. Interest in these recent events has been such that some may have lost sight of the fact that other societies had even earlier adopted rules on competitive bidding designed to discourage the practice as a whole or to prohibit bids of a certain kind, such as lump-sum bids or bidding among members of the particular society concerned. Among the societies which had taken action before October, 1937, were Arizona, Colorado, District of Columbia, Louisiana, and North Carolina.

### **Accounting Clinic**

The Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants has planned an accounting clinic for the discussion of technical problems, to be held in the early part of November. The principal purpose of the clinic will be to provide an opportunity for younger practitioners to discuss with older members and among themselves questions which arise in practice but are not likely to receive attention in accounting courses or at regular state society meetings. It is tentatively planned that the meeting will extend over two days. Further description of the program will be made in a subsequent issue.

### **Seventh International Management Congress**

The American Institute of Accountants is one of the sponsors of the Seventh International Management Congress, which will open its five-day series of general and technical sessions in Washington, D. C., on September 19th and continue through September 23rd. C. Oliver Wellington, of New York, N. Y., has been appointed official representative of the Institute.

A comprehensive program, arranged by a group of leading American business executives, has been planned to develop the two official themes of the congress—"recent developments in management" and "economic and social aspects of management."

More than two hundred papers on a wide range of subjects, including administration, production, distribution, and personnel, among others, have been printed and will be distributed to all registrants prior to the congress. These papers will not be read at the sessions, but will serve as the basis for discussion.

A feature of the general sessions will be the presentation of both American and foreign points of view on the most important aspects of management in relation to social and economic problems.

Copies of the complete program are available at the headquarters of the congress: room 1201, 347 Madison Avenue, New York, N. Y.

Membership in the congress is open to anyone interested in the problems of management. Payment of the registration fee of \$10 entitles a member to a copy of the papers mentioned above and to the printed volume containing the complete proceedings of the congress, to be issued after the congress. This volume will contain all the addresses delivered at the general sessions, as well as summaries of the discussions at the technical sessions.

Willis H. Booth, honorary chairman of the Seventh International Management Congress, will preside at the opening of the general sessions on Monday, September 19th, and Secretary of State Cordell Hull will deliver a message of welcome. Lord Leverhulme, president of the International Committee of Scientific Management, and the representatives of foreign delegations will deliver responses. Throughout the week there will be addresses on the various aspects of management, by prominent businessmen from all parts of the world. Among the subjects included on the program are: development of the management movement—a review and an interpretation, psychological foundations of management, human aspects of management, coördination of production and distribution, and the balancing of incentive and security.

Many well known American businessmen, economists, and educators will participate in the discussions at the technical sessions. Eric A. Camman,

a member of the American Institute of Accountants, will be chairman of the session on cost methods and accounting for control. Other topics to be discussed at the technical sessions are: administrative and financial controls, office management, market analysis and sales planning, costing and pricing, administration of sales, wage administration and incentives, and unemployment and social security.

### **Special Entertainment Feature**

An entertainment feature not mentioned in previous announcements of the annual meeting is a special trip to Kentucky on Wednesday, September 28th, to inspect the stock farms where many famous race horses are bred. The trip will include luncheon at an attractive restaurant, and is expected to be an event of more than usual interest. Arrangements are being made by the Kentucky Society of Certified Public Accountants, and tickets may be secured at the registration desk at Cincinnati on the opening of the meeting.

### **Scholarship Prizes**

The board of examiners has awarded the Elijah Watt Sells gold medal for first prize in the May, 1938, examinations to James Wesley Huss, of Rockford, Ill. The silver medal for second prize was awarded to Hugh Lochridge Macaulay, of Evanston, Ill., who sat before the State Board of Public Accountancy of Texas. The following received honorable mention: Russell Bock, of Seattle, Wash., and Walter Jack Crawford, of Evanston, Ill. These four men received the highest grades among approximately 1400 candidates who sat for the Institute's examinations last May before cooperating state boards.

### Visitors at Institute Offices

The following visitors from out of town have called at the new offices of the Institute at 13 East Forty-first Street since August 15th:

Walker E. Burnham, Lynchburg, Va.  
James W. Edenburn, Des Moines, Iowa  
Frank S. Glendening, Philadelphia, Pa.  
Albert E. Keller, Washington, D. C.  
Arthur M. Lovibond, London, England  
George S. Olive, Indianapolis, Ind.  
Merrill C. Patten, Greenville, S. C.  
Edward J. Powell, Kansas City, Mo.  
J. Harold Stewart, Boston, Mass.  
Edward B. Wilcox, Chicago, Ill.

### Solicitation of Tax Practice

Some months ago the secretary of revenue of the Commonwealth of Pennsylvania, J. Griffith Boardman, sent a letter over his signature, with blank corporate-tax-report forms for the year 1937, to taxpayers, informing them that solicitation of clients by enrolled tax practitioners is prohibited by the committee on enrolment and disbarment of the Pennsylvania Department of Revenue, and requesting that taxpayers inform him of violations of that ruling.

The Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants, at a meeting on August 2, 1938, adopted a resolution commending this action by Mr. Boardman, and extending the thanks of the chapter for his efforts to advance the standards of the accountancy profession.

Mr. Boardman was a speaker at the annual meeting of the Pennsylvania Institute at Skytop in June, and in the course of his remarks he paid tribute to the accountancy profession of Pennsylvania for its valuable services in relation to state taxation. He said that the accountants were of great assistance to his department in its efforts to administer the state tax laws in an orderly manner.

### Extensions for Capital Stock Tax Returns

Acting on a suggestion made by a member, the secretary of the Institute recently communicated with the Bureau of Internal Revenue pointing out the difficulty which corporations having fiscal years ending May 31st or June 30th experience in filing capital-stock-tax returns by July 31st, the statutory date, and suggesting that extensions be granted automatically in such cases. In response, the following letter, clarifying the policy of the bureau, was received from Milton E. Carter, Acting Commissioner of Internal Revenue:

"Reference is made to your letter of August 9, 1938, relating to the somewhat difficult problem of filing proper capital stock tax returns by corporations which have fiscal years ending with May 31 or June 30. Your observations in this respect are to the effect that it is practically impossible for a corporation to make a proper capital-stock-tax return until it has completed the regular closing of its books and has prepared and filed its income-tax return and that a corporation with either of the fiscal years mentioned ordinarily has not completed these activities by the final statutory filing date for capital-stock-tax returns.

"To remedy this situation you suggest that the Commissioner grant automatic extensions of time for filing capital-stock-tax returns in all such cases. In this connection your attention is invited to the fact that section 601(d) of the revenue act of 1938, as well as similar provisions of prior acts, gives the commissioner power to grant extensions of time for filing returns of not more than sixty days and provisions for granting such extensions have been made in Treasury Decision 4808 and in prior regulations.

"In cases of this kind, it has always been the policy of the bureau to grant

extensions of time provided, of course, the request for such extension is made prior to the expiration of the statutory filing period, i.e., July 31."

### Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, fifty-six applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot.

Following are the new members and associates:

#### ADVANCED TO MEMBERSHIP

Joseph C. Harris, Dallas, Texas  
Chandler H. Lapsley, New York, N. Y.  
William D. Prince, Dallas, Texas

#### ADMITTED AS MEMBERS

Maxwell Abbell, Chicago, Ill.  
Frank B. Austin, New York, N. Y.  
Edwin T. Bass, Richmond, Va.  
Cecil A. Bean, Richmond, Va.  
William D. Burk, Memphis, Tenn.  
Louis C. Doody, New Orleans, La.  
Michael Edelstein, New York, N. Y.  
Ted Ferguson, Fort Worth, Texas  
William J. Ferguson, Chicago, Ill.  
John I. Foster, Chattanooga, Tenn.  
Carl A. Freeze, San Angelo, Texas  
Herbert W. Funk, New York, N. Y.  
M. G. Furman, Miami, Fla.  
W. Lowell Grinstead, Kansas City, Mo.  
Thomas Roy Grubbs, Richmond, Va.  
Leonard I. Houghton, Saranac Lake, N. Y.  
Benny H. Hughes, Beaumont, Texas  
Joshua Lang, Norwalk, Conn.  
E. S. McDowell, Jr., Valdosta, Ga.  
Laura Menn, Boston, Mass.  
Wilburn C. Nichols, Wilmington, N. C.  
Edwin W. Norberg, Minneapolis, Minn.  
William F. Packer, Warren, Ohio  
R. Allen Parker, Dayton, Ohio  
Maurice Wm. Powers, Syracuse, N. Y.  
George R. Richner, Newark, N. J.  
Albert B. Ritts, New York, N. Y.  
John Rolli, New York, N. Y.  
A. Frank Stewart, Richmond, Va.  
Frank R. Van Petten, Chicago, Ill.  
Ronald Wainwright, New York, N. Y.  
Richard Dale White, St. Louis, Mo.  
Samuel Wien, New York, N. Y.

#### ADMITTED AS ASSOCIATES

Sam L. Barnett, Los Angeles, Calif.  
Daniel Borth, Jr., Baton Rouge, La.  
Arthur J. Bretnall, New York, N. Y.  
Crofford H. Buckles, Chicago, Ill.  
Fred M. Connelly, Nashville, Tenn.  
D. Lyle Dieterle, Bloomington, Ind.  
Clifford L. Haworth, Chicago, Ill.  
Arthur Michael Hayes, New Orleans, La.  
Arnold W. Johnson, Norman, Okla.  
Theodore L. Koos, Swisvale, Pa.  
Kenneth E. Lambie, Lincoln, Nebr.  
James C. Lockwood, Sr., Baton Rouge, La.  
J. Duncan Macdonald, Providence, R. I.  
Manson F. McCormick, San Francisco, Cal.  
John F. McShea, Washington, D. C.  
Charles A. Meroney, Dallas, Texas  
Nicholas Picchione, Providence, R. I.  
Otto G. Schwenk, Cleveland, Ohio  
Eduard J. A. Tenbrinck, New York, N. Y.  
Martin S. Uhlmann, Washington, D. C.

### Meetings and Elections

#### Michigan Association of C.P.A.'s

Western Michigan Chapter

*Officers for 1938-1939:*

President—Arnold J. Van Keppel,  
1001 Grand Rapids Trust Bldg.,  
Grand Rapids, Mich.

Vice-president—Seymour R. Berkey,  
924 Grand Rapids National Bank  
Bldg., Grand Rapids, Mich.

Secretary—Michael E. Levy, 410 Peo-  
ples National Bank Bldg., Grand  
Rapids, Mich.

Treasurer—Henry S. Mallett, 404  
Muskegon Bldg., Muskegon, Mich.

Auditor—Albert C. Dykema, 904  
Grand Rapids Trust Bldg., Grand  
Rapids, Mich.

#### Wisconsin Society of C.P.A.'s

*Date:* June 28, 1938.

*Place:* Lakeside, Pewaukee Lake.

Twenty-fifth anniversary of the  
C.P.A. law.

*Speakers:* Shepard E. Barry, of Mil-  
waukee

Yayette H. Elwell, of Madison

Carl Penner, of Milwaukee

Clifford I. Smith, of Green Bay

### Recognition of C.P.A.'s

The charter commission of the city of Houston, Texas, recently voted to consolidate all the financial machinery of the city into one department, under a director of finance who will have authority over the research, auditing, and purchasing divisions. The director is to be appointed by the mayor or the city manager after nomination by a committee made up of three Houston bank presidents, three members of the Houston Chapter of the Texas Society of Certified Public Accountants, and the mayor. The charter-commission plan also provides for annual audits by independent certified public accountants.

### Coöperation with Trade Associations

In a memorandum to state society and chapter presidents, dated August 1st, the secretary of the Institute requested the participation of state societies and their chapters in a program to be developed during the coming fall and winter months, under the leadership of J. Arthur Marvin, chairman of the Institute's special committee on coöperation with trade associations.

Two important objectives of the program are: promotion of discussions of accounting subjects by representatives of state societies or the American Institute on programs of trade group meetings, and coöperation with accounting committees of trade groups (or to bring about the appointment of such committees where they do not exist).

A questionnaire was enclosed, in which state society and chapter presidents were requested to give detailed information concerning their local committees for coöperation with trade associations.

### Income Tax Administration

C. Irvin Fox, president of the Utah Association of Certified Public Accountants, writing in the May-June issue of *The Utah C.P.A.*, made the following comment on recent steps by the Bureau of Internal Revenue to decentralize its administration of the revenue laws:

"Another recent development of interest and importance to the practising accountants in the West is the plan now being worked out in further decentralization of administration of federal tax matters.

"I refer to the decentralization plan which is being instituted by the Bureau of Internal Revenue, involving procedural changes in handling of tax cases.

"The two major features of the plan are:

- (1) Issuance of '30 day' and '90 day' (deficiency) notices by the local office of the internal revenue agent in charge, instead of by the bureau from Washington as has heretofore been the procedure.
- (2) Establishment of divisions of the technical staff outside of Washington. The Pacific division, with headquarters at San Francisco, will include Utah.

"These changes should obviate the expensive practice of carrying protested tax cases to Washington. Under the new plan, taxpayers and their representatives will be able to discuss, and close, disputed cases with technical representatives of the bureau in the field divisions.

"The bureau plans to continue its supervision and control of certain types of cases in Washington, and will maintain a postreview of all settlements, in the interest of securing substantial uniformity of action in field divisions.

"It is expected that some 650 employees of the bureau will be moved to the field when the plan is worked out.

"It is believed that the decentralization plan is meritorious and that it will result in greater facility and less expense in the handling of tax cases. The plan deserves the coöperation and support of the accounting profession."

### Advisory Council

Testimony to the value of the Advisory Council of State Society Presidents, a body created simultaneously with the merger of the national professional organizations in 1936, appears in the following excerpt from the annual report of John H. Rawlings, president of the Tennessee Society, rendered at the society's annual meeting, August 25, 1938:

"One of the first duties and privileges of my office was the attendance upon the convention of the American Institute of Accountants as a member of the Advisory Council of State Society Presidents.

"The knowledge gained in the meetings of the council and the use of information supplied through the clearing house, maintained by the Institute, will be of greater value to the president of a society than can be expressed in a few words. Attendance at the meetings of the Advisory Council and active participation in its deliberations are necessary to establish the groundwork for the information which will follow throughout the year. Any amount, within the means of the society, necessary to defray the expenses of its president for attendance upon those meetings, is a wise expenditure of society funds."

### Philippine Accountants' Journal

Volume I, No. 2, of *The Philippine Accountants' Journal*, official organ of the Philippine Institute of Certified Public Accountants, has been received. It is a printed magazine of about 40 pages, published monthly. The first issue appeared in January, 1938.

### Coöperation with Credit Men

The chairman of the Institute's special committee on coöperation with credit men recently addressed the following letter to state society presidents, urging them to establish local committees for coöperation with credit men's organizations in their communities:

"Last year for the first time the American Institute of Accountants organized a special committee on coöperation with credit men which has established most cordial relations with the national officers of the National Association of Credit Men. Members of the Institute's committee have addressed meetings of credit men on several occasions and have endeavored to encourage in their own localities joint meetings of credit men and accountants.

"Our committee feels that credit men desire to know accountants better and that the acquaintance would be of advantage to both groups. To our mind, the state societies owe it to their members to create an opportunity to meet with credit men through joint meetings.

"The National Association of Credit Men is essentially a federation of local associations with a total membership of some 20,000. A local association is to be found in almost every important city with a paid staff and good working organization. The membership is composed of manufacturing, wholesaling and banking organizations, with the financial officers of those organizations as representatives. Every member of a local association is also a member of the national association.

"We are assured of the coöperation of the national headquarters in arranging any joint local meetings which may be considered, and, if you are interested in the proposal, we shall gladly send you the names and addresses of the local officers in your vicinity, as well as possible topics for discussion and methods of procedure.

"The New York State Society has for many years held an annual joint meeting with credit grantors which has been tremendously successful, and has created much goodwill. Our committee suggests that the same procedure could be followed advantageously in other states."

### Application

Following is a letter of application for employment received by a member of the Institute and forwarded to the editor for the entertainment of readers of THE CERTIFIED PUBLIC ACCOUNTANT:

"SIRS:

"In the coming seasonal surge, could you have opportunity for a beginning at commercial auditing? For whatever talent and interests I have or developed thru the past, there might be appropriate transfer only into commercial auditing, following demise of a previous field of activity with the progressing transition in mode of transportation.

"Had thirteen years of work with practical accounting and auditing other than the commercial viewpoint of approach and application. In railroad accounting thru division and district branches and general office accounting organizations had a preparatory five years in the mechanics of bookkeeping and record making and a build-up in the theory of accounting and application of conditions of fact and circumstances, followed by eight years on jobs of emergency and special feature review, inspection and verification auditing and accounting interpretation and analysis studies.

"Attempting to consolidate to commercial viewpoint and purpose whatever I might have acquired in previous work and study, over past three years did six semesters with the Kansas City College of Commerce thru their Himmelblau text course in accounting, auditing and financial investigations, and income tax procedure and business organization commercial law.

"In valleys of the cycles in railroad activity did periods in offices of ice cream manufacturing and airplane concerns, which as accounting or auditing was however record keeping only.

"During recent period of strife and stress am marking time at Pumpkin Center, Missouri, from where I could readily come in to Kansas City to continue the above matter by personal interview.

"Yours very truly,  
"AN APPLICANT"

### Mountain States Conference

Following is the text of a resolution adopted at a recent meeting of the Utah Association of Certified Public Accountants, and published in the *Utah C.P.A.*:

"WHEREAS, The Mountain States Accounting Conference, held in Salt Lake City, Utah, on May 31 and June 1, 1938, proved to be a tremendous success and of great value to the accounting profession, especially in the intermountain area, and

"WHEREAS, The success of the conference was due largely to the splendid efforts of the general committee in charge, the coöperating state societies, and the American Institute of Accountants, and

"WHEREAS, The Utah Copper Company conducted a tour of its properties located at Bingham, Utah, for the instructive entertainment of the visiting guests.

"BE IT HEREBY RESOLVED That the Utah Association of Certified Public Accountants express its sincere appreciation to the members of the general committee in charge of the conference, to the coöperating state societies of certified public accountants, to the American Institute of Accountants, and to the Utah Copper Company for their valued assistance in making the Mountain States Accounting Conference a success."



## Announcements

R. P. Briggs and P. F. Icerman, 203 State Savings Bank Bldg., Ann Arbor, Mich., announce a change in the firm name from F. E. Ross & Company to Briggs & Icerman.

L. E. Cahill and Company, of Tulsa, Okla., announce the admission of O. G. Roquemore as a member of the firm.

Clem W. Collins, Alfred D. Peabody, T. Raymond Young, and Paul L. Schmitz announce the organization of the partnership of Collins, Peabody & Young, with offices in the First National Bank Bldg., Denver, Colo.

John Heins & Co., of Philadelphia, Pa., announce the admission to partnership of Alfred C. Brombach.

Chandler H. Lapsley and Willis L. Chaffee announce the formation of a firm of certified public accountants under the name of Chandler H. Lapsley & Company, 17 East 42nd St., New York, N. Y.

Morris Liebman announces that the partnership of Magee, Liebman and O'Neill has been dissolved and that he will continue practice under the firm name of Morris Liebman & Co., with offices at 328 Market St., Camden, N. J., and Land Title Bldg., Philadelphia, Pa.

Z. E. Matthews announces the removal of his office to 708-709 Bankers Trust Bldg., Norfolk, Va.

William H. Moberly and Ivan M. West announce the formation of the partnership of Moberly and West, with offices in the Wheeler-Kelly-Hagney Bldg., Wichita, Kan.

Price, Waterhouse & Co. announce the opening of an office at Houston, Texas, in

the Niels Esperson Bldg., under the management of O. Kenneth Pryor.

Burton M. Smith announces the opening of his office in the Mead Bldg., Portland, Ore.

George H. Abbott, of Dallas, Texas, on July 26th delivered an address at the Federal Taxation Conference of the Montana State University, at Missoula, Mont., on the subject, "Trends in Federal Taxation."

Archibald Bowman, of New York, N. Y., has been reappointed by the president of the Merchants' Association of New York a member of the committee on Federal Trade Commission and antitrust laws.

On August 11th Dix D. Dewey, of Elgin, Ill., addressed the employees of Carson Pirie Scott & Co., Chicago, on the subject, "Taxpayers, Taxeaters and Taxspenders." The address was broadcast over station WWAE, Hammond, Ind., on August 15th.

Louis S. Goldberg, of Sioux City, Iowa, recently addressed the Iowa State Bar Association on the subject of taxation as it affects estates and estate planning.

Kenneth E. Lambie, of Lincoln, Neb., has been appointed chief accountant for Nebraska Unemployment Compensation Division.

Eric P. Van, of Portland, Ore., has been appointed a member of the membership committee of the City Club of Portland.

Harry J. Williams, of New Orleans, as president of the Big Ten Universities Club, recently addressed the New Orleans chapter of the Delta Kappa Epsilon fraternity.



# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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OCTOBER 1938

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VOL. 18 · No. 10  
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Examinations

Annual Meeting, 1938

Technical Discussions

Spring Council Meeting

Report of the Special Committee on Inventories

Beta Alpha Psi

Announcements

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15¢ a Copy

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### *Officers 1937-1938*

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13 EAST FORTY-FIRST STREET, NEW YORK CITY

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## Technical Discussions

THOSE who attended the 1938 annual meeting of the Institute seemed convinced that informal discussion of practical problems aids greatly in the continuous development of the technical equipment of the profession. The programs of Institute meetings in recent years have been purposely arranged so as to allow participation of the audience in discussions of technical matters whenever that is feasible. The round-table sessions have been used for this purpose, and at the 1938 meeting one general session—which proved to be a high point of interest—was devoted to this kind of discussion, the subject being the bulletin, *A Statement of Accounting Principles*.

It is only natural, of course, that accountants should be most interested in accounting, yet that fact should be consciously borne in mind by anyone arranging a meeting of accountants. The trend seems to be away from programs consisting largely of formal addresses, official business, and entertainment. The Institute's lecture and study groups demonstrate the pulling power of a program which goes to the other extreme and consists exclusively of technical discussion in which everyone present may participate. Several state societies have undertaken such meetings with fine results. Next month the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants will hold its first "accounting clinic," described elsewhere in this bulletin, and it seems not unlikely that, with the coöperation of the Institute, other state societies will follow in the same course.

In the arrangement of such meetings, whether they be round-table sessions, lecture and study groups, or accounting clinics, the office of the Institute is ready to help with its facilities for obtaining speakers and publicity and advising as to procedure.

# American Institute of Accountants

## Spring Council Meeting

In accordance with action of the executive committee, the spring meeting of the council of the American Institute of Accountants, which ordinarily would have been held on April 10, 1939, will be adjourned to May 8, 1939, so that the members can attend the World's Fair which will open on April 30th.

## President Visits Montana

Clem W. Collins, president of the American Institute of Accountants, has accepted the invitation of Anton Gerharz, president of the Montana Society of Certified Public Accountants, to attend the annual meeting of the society which will be held October 21st and 22nd at Billings. Mr. Collins will address the meeting on October 22nd.

## Amendment of By-laws

By amendment of the by-laws at the annual meeting of the Institute held in Cincinnati last month, the special committee on membership was made a standing committee. The recommendation of the committee on by-laws, which was adopted, was as follows:

"Substitute the word 'fifteen' in place of the word 'fourteen' in the first sentence of article IX, section 1, so that the sentence will read: 'There shall be fifteen regular standing committees, namely: . . .'

"Insert in the list of committees under article IX, section 1, after the word 'Meetings' the word 'Membership.'"

## Accounting Clinic

A novel form of meeting, to be known as "accounting clinic," will be held by the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants on November 18th and 19th at State College, Pa., with the cooperation of the American Institute of Accountants.

The principal purpose of the meeting is to provide an opportunity for discussion of technical problems of particular interest to staff members and younger practitioners.

Every effort is being made to assure a large attendance of the younger men, and the Pennsylvania Institute and its other chapters are cooperating in this. The American Institute of Accountants is assisting, directly and with advice, in publicity, encouraging attendance, and obtaining outstanding speakers.

Charles J. Rowland, secretary of the chapter, is chairman of a special committee making arrangements for the meeting, other members of which are Joseph W. Kettering, co-chairman; Irving Yaverbaum, L. Clifford Myers, and Anthony T. Contie.

There will be a luncheon session of the clinic on Friday, November 18th, which will be the opening event on the program. A. O. Morse, assistant to the president of Pennsylvania State College, will be chairman of the session. Harry Ness, of York, president of the Pennsylvania Institute, will address those present on behalf of that organization. Then there will be an address on the accountant of the future, his

training and opportunities, by Frank Wilbur Main, of Pittsburgh. Discussion will follow Mr. Main's address.

During the afternoon the meeting will be split into two sections, meeting simultaneously. At one, Paul W. Pinkerton, of Pittsburgh, will discuss principles of accounting; at the other, Mr. Kettering will preside during discussion of a technical subject not yet selected.

An evening dinner session will be devoted to a general discussion of the Pennsylvania tax system, with William R. Winn, of Harrisburg, chairman of the chapter, presiding. I. H. Krekstein, deputy secretary of revenue, Commonwealth of Pennsylvania, will be the speaker.

The Saturday morning session, it is planned, also will be divided into two sections. Irving Yaverbaum, of Harrisburg, will preside during discussion of municipal accounting by John T. Stapleton, of Wilkes Barre, while Richard A. Coleman, of Harrisburg, presides at another session devoted to discussion of inventories at which Maurice E. Peloubet, of New York, will be the speaker.

At 10:30 on Saturday morning, there will be a general session under the chairmanship of Dr. C. W. Hasek, head of the division of economics, Pennsylvania State College.

The program is not yet complete; it will be rearranged as necessary to include additional topics and speakers. The committee in charge plans to provide ample opportunity for participation in the discussion by all. Further details will be published in a subsequent issue of this bulletin.

Chairman Rowland has announced that all members of the Pennsylvania Institute of Certified Public Accountants and of the American Institute, together with junior and senior staff men in accounting firms and young men in the accounting departments of

business and industrial corporations, are invited to the accounting clinic. The registration fee has been set at \$1 to cover all sessions. The proceedings of the clinic will be published and will be available at \$1 per copy.

### Examinations

The regular fall examinations of the American Institute of Accountants will be held on November 17th and 18th, and coöperating state accountancy boards will hold simultaneous sessions. Following is the schedule of examinations:

#### THURSDAY, NOVEMBER 17, 1938

9:00 A.M. to 12:30 P.M. Auditing.

1:30 P.M. Accounting theory and practice. Part I.

#### FRIDAY, NOVEMBER 18, 1938

9:00 A.M. to 12:30 P.M. Commercial law.

1:30 P.M. Accounting theory and practice. Part II.

### Rare Book Available

One of the few original copies of Pacioli's *Summa de Arithmetica, Geometria. Proportioni: et Proportionalita*, published in 1494, will be sold by a member of the Institute who owns it, if a satisfactory offer is received, the proceeds to be donated to the American Institute Benevolent Fund.

Pacioli's work is one of the first books on double-entry bookkeeping. Its sources were at least two previous centuries of development in Italy, and the works of the "maestri d'abbaco," who taught in the commercial schools of Venice. It was an excellent formulation of the theory and practice of the time. There are believed to be only a few copies of this book in existence, two of which are owned by the library of the American Institute of Accountants. Persons interested in submitting offers for the book may communicate with the secretary of the Institute.

## Annual Meeting, 1938

THE second fifty years of organized accountancy in the United States made an auspicious beginning when the Ohio Society of Certified Public Accountants entertained the American Institute of Accountants on the occasion of its fifty-first annual meeting, September 26th to 29th, at the Netherland Plaza Hotel, Cincinnati. Seven hundred persons were registered and the attendance at all sessions was large. Inasmuch as complete proceedings of the annual meeting will be published and distributed to all members without charge, the proceedings will only be summarized here.

Early arrivals registered at the meeting headquarters on Sunday, and in the evening, from 5 to 7 o'clock, gathered for tea and music.

### SEPTEMBER 26TH

Registration continued on Monday morning, and though the formal opening of the meeting was not scheduled until the next day, several preliminary meetings drew large attendance.

#### *Meeting of Council*

The council of the Institute met in executive session to receive reports of committees and transact other official business of the Institute. A committee was appointed to draft a report of the council to the Institute, to be presented at the first general session.

#### *Meeting of Advisory Council*

The Advisory Council of State Society Presidents convened in annual meeting at 2 P.M. for discussion of subjects of particular interest to those responsible for direction of the programs of state accounting societies. Clem W.

Collins, president of the Institute, made the opening address, which was followed by a keynote address by Morris C. Troper, of New York, chairman of the council. Other addresses were "Relations with the Bar," by F. P. Byerly, of New York, chairman of the Institute's special committee on cooperation with bar association, and "Specialists in Accounting," by George P. Ellis, of Chicago, chairman of the Institute's special committee on governmental accounting.

The remainder of the program consisted of discussion of state society problems. Guy Cambria, president of the Connecticut Society, led discussion of competitive bidding. Homer L. Dalton, president of the Ohio Society, led discussion of means of increasing membership, and Lincoln G. Kelly, representative of the Utah Association, directed discussion of the subject of regional conferences. Programs for meetings were discussed under the leadership of A. DeWitt Alexander, president of the California Society; public relations, under Anthony Jaureguy, president of the Massachusetts Society, and state society publications, under Brooks Geoghegan, president of the Georgia Society.

Questions raised from the floor by members of the Advisory Council were also discussed. A second session was held on the following day to permit full consideration of all the topics proposed.

The Advisory Council elected as its officers for the coming year: Chairman—Edward B. Wilcox, of Chicago, president of the Illinois Society of Certified Public Accountants; secretary—Roland B. Keays, of Detroit, president of the Michigan Association of Certified Public Accountants.



*Meeting of Accountancy Examiners*

Also at 2 P.M., a meeting of accountancy examiners was held under the joint auspices of the Association of Certified Public Accountant Examiners and the board of examiners of the Institute. There were three addresses, as follows: "Accountancy Examinations of Canada," by Austin H. Carr, secretary-treasurer of the Dominion Association of Chartered Accountants; "Accountancy Examinations of Great Britain," by Harold R. Caffyn, of New York, member of the Institute; "Professional Training," by George P. Ellis, of Chicago, member of the Institute.

There was also informal discussion of problems arising in the conduct of C.P.A. examinations which was continued on the following day.

The Association of Certified Public Accountant Examiners reelected the following officers: Edwin E. Leffer, of Buffalo, N. Y., chairman; Claud F. Harmon, of Prescott, Ariz., vice-chairman; and Robert Miller, of Louisville, Ky., secretary-treasurer.

*Accounting Machinery Exhibit*

At ten o'clock an exhibit of accounting machinery, including displays by the leading manufacturers, was opened for inspection. The exhibit continued for the duration of the annual meeting.

*Entertainment*

At 12:30 members of council of the Institute and state society presidents and representatives were entertained at luncheon by the officers and directors of the Ohio Society. All who had arrived for the meeting were brought together for the first time at a cocktail party from 5:30 to 7 P.M.

SEPTEMBER 27TH

*General Session*

Clem W. Collins, president, called

the annual meeting of the Institute to order at 9 A.M., and Mr. Dalton, as president of the Ohio Society, made an address of welcome. There followed the annual address of the president and the report of the council to the Institute.

Henry A. Horne, of New York, chairman of the Institute's special committee on public-utility accounting, presented a paper entitled "Inconsistencies in Accounting Requirements of State and Federal Regulatory Bodies," which will appear in *The Journal of Accountancy* for November, 1938.

*Round-table Sessions*

The afternoon was devoted to three round-table discussions, as follows:

*Building-and-Loan Accounting*

*Leader:* Frank S. Glendening, of Philadelphia, chairman of the Institute's special committee on savings-and-loan accounts.

*Speakers:*

John W. Ballard, chief examiner of the Federal Home Loan Bank Board.

George L. Bliss, chairman of the accounting division of the United States Building and Loan League.

Thomas A. Williams, chairman of the Louisiana Society committee to investigate audit requirements of government agencies for home-steads.

*Revenue Act of 1938*

*Leader:* Victor H. Stempf, chairman of the Institute's committee on federal taxation.

*Speakers:*

F. B. Andrews, of Chicago, Member of council of the Institute.

Walter A. Cooper, of New York, member of the Institute.

J. S. Seidman, of New York, member of the Institute.

Clarence L. Turner, of Philadelphia, member of the Institute's committee on federal taxation.

*Modern Developments in Costs, Budgets, and Control*

*Leader:* J. Brooks Heckert, of Ohio State University.

*Speakers:*

Horace G. Crockett, of New York, member of the Institute.

Charles Reitell, of New York, management engineer.

*Annual Meeting of the Ohio Society*

The Ohio Society of Certified Public Accountants held its annual meeting at a luncheon beginning at 12:15 P.M. Admission was to members of the society only. At this meeting John L. Carey, secretary of the American Institute of Accountants, was elected an honorary member of the Ohio Society.

Following the luncheon, the members of the Ohio Society reelected Homer L. Dalton, of Toledo, president of the society, and Harry W. Cuthbertson, of Dayton, secretary. Leonard Park, of Cleveland, was elected vice-president.

*Entertainment*

Members of the Institute and the Ohio Society and their guests were entertained at a supper dance at the Pavillon Caprice in the Netherland Plaza beginning at 9:30 P.M.

Special entertainment for ladies on this day included a trip to the Cincinnati Zoological Gardens, luncheon at the Netherland Plaza, a sight-seeing trip, and golf at nearby courses. They gathered for tea and cocktails at 5 P.M.

## SEPTEMBER 28TH

As has become customary with annual meetings of the Institute, Wednesday was devoted largely to entertainment, with round-table sessions for those who preferred to participate in technical discussions.

*Round-table Discussions*

There were five such sessions, three

in the morning and two in the afternoon, as follows:

10:00 A.M.—12:30 P.M.

*Accountants' Certificates*

*Leader:* George D. Bailey, of Detroit, member of the Institute.

*Speakers:*

Samuel J. Broad, of New York, member of the Institute's special committee on cooperation with Securities and Exchange Commission.

A. S. Fedde, of New York, chairman of the Institute's special committee on cooperation with bankers.

David Himmelblau, of Chicago, member of the Institute.

F. H. Hurdman, of New York, chairman of the Institute's special committee on cooperation with stock exchanges.

Ralph B. Mayo, of Denver, member of council of the Institute.

*Relationship between Legal and Accounting Concepts*

*Leader:* James L. Dohr, of New York, member of the Institute.

*Speakers:*

Frederick S. Fisher, Jr., of New York, attorney-at-law.

Harold Dudley Greeley, of New York, attorney-at-law.

Underhill Moore, of New Haven, professor, Yale University Law School.

Paul W. Pinkerton, of Pittsburgh, member of the Institute.

*Machine Accounting*

*Leader:* Berl G. Graham, of Cincinnati, member of the Institute.

*Speakers:* Representatives of exhibitors at business-machines exhibit.

2:30—4:30 P.M.

*Future of the Certified Public Accountant*

*Leader:* Gordon S. Battelle, of Dayton, member of the Institute.

*Speakers:*

J. N. Aitken, Jr., of Philadelphia, member of the Institute.

A. DeWitt Alexander, of San Francisco, member of the Institute.  
 Joel M. Bowlby, of Chicago, member of the Institute.

#### *Problems in the Social-Security Act*

*Leader:* H. C. Anderson, of Washington, D. C., chairman of the Institute's special committee on social-security act.

#### *Speakers:*

Eleanor Lansing Dulles, member, Social Security Board bureau of research.

R. W. E. Cole, of Los Angeles, member of the Institute's special committee on social-security act.

Walter J. Mackey, of Columbus, Ohio, Unemployment Compensation Commission.

Henry P. Seidemann, of Washington, D. C., treasurer, The Brookings Institution.

#### *Entertainment*

During the course of the day members and their guests had a choice of several kinds of recreation which had been arranged in advance, and were free also to seek other forms of amusement. The annual golf tournament, in which teams representing state societies and chapters competed for possession of the trophy donated by the Missouri Society, was held beginning at 2:30 P.M. at the Kenwood Country Club. It was preceded by luncheon for the golf players at the club.

The tournament was won by the team representing the Ohio Society, composed of the following:

Sid J. Collins  
 J. A. Hawk  
 Arthur E. Davies  
 Leonard Park

About four hundred persons attended the races at the Latonia Jockey Club as guests of the Kentucky Society. One of the races had been designated "The American Institute of Account-

ants Handicap," and Mr. Collins, as president of the Institute, presented a silver cup to the winner. The trip to the Latonia race course had been made by buses from the hotel.

In the evening a special "Over the Rhine" party was staged at the Elks' Temple. Entertainers, including singers from the Cincinnati Conservatory of Music, depicted the Cincinnati of the "Gay Nineties."

Arrangements were made for the ladies to attend a radio broadcast from station WLW. Some played golf at the Hyde Park Country Club in the morning, while others were personally conducted through the Taft Museum. At noon a bridge luncheon was held at the Hyde Park Country Club.

#### SEPTEMBER 29TH

#### *General Session*

At 9:30 A.M. William C. Heaton, vice-president of the Institute, again convened the meeting in general session.

The following officers were elected:

Clem W. Collins, of Denver, president.  
 Lewis Ashman, of Chicago, vice-president.

John K. Mathieson, of Philadelphia, vice-president.

Arthur W. Teele, of New York, treasurer.

James F. Hughes, of New York, auditor.

J. S. Seidman, of New York, auditor.

Elections to the council were:

#### *For a term of five years*

Stanley G. H. Fitch, Massachusetts

George Cochrane, New York

Joseph J. Klein, New York

Rodney F. Starkey, New York

Berl G. Graham, Ohio

Ralph B. Stratford, Oregon

Adrian F. Sanderbeck, Pennsylvania

It was decided by vote of the membership that the 1939 annual meeting

of the Institute should be held in San Francisco.

The principal address of the day was delivered by Roswell Magill, retiring Undersecretary of the Treasury. Dr. Magill spoke on the topic, "Federal Tax Revision, 1939." His address was broadcast over the facilities of station WSAI.

There followed discussion of *A Statement of Accounting Principles*, under the leadership of Rodney F. Starkey, member of the Institute's committee on accounting procedure. A panel of ten speakers took up the important subdivisions of the subject, preliminary to discussion from the floor. These topics and speakers were as follows:

Uniformity in Accounting—Walter A. Staub, of New York, member of the Institute

Principles Related to Capital Gains and Losses; Unrealized Profits and Losses; Correction of Past Errors in the Income Account; Deficit of the Development Stage—Henry T. Chamberlain, of Chicago, dean of the School of Commerce, Loyola University

Principles of Depreciation—Paul Grady, of Chicago, member of the Institute

Valuation of Fixed Assets and Principles Related to Write-ups and Write-ins—Jacob B. Taylor, of Columbus, professor, College of Commerce, Ohio State University

Principles Related to Inventory Valuation—J. Chester Crandell, of Boston, member of the Institute

Principles Related to Deferred Charges and Prepaid Expenses—W. A. Paton, of Ann Arbor, professor of accounting, University of Michigan

Principles Related to Treasury Stock and Profits and Losses on the Sale Thereof—Albert J. Watson, of San Francisco, member of the Institute

Principles Related to Earned Surplus—Will-A. Clader, of Philadelphia, member of the Institute

Principles Related to Charges Against Surplus—Warren W. Nissley, of New York, member of the Institute

Principles Related to Consolidated Statements—Eric L. Kohler, of Chattanooga, controller T.V.A.

The general session continued in the afternoon with further discussion of *A Statement of Accounting Principles*.

#### *Meeting of Council*

The council of the Institute again met in general session in the late afternoon. John L. Carey was reelected secretary and other business was transacted. The following resolutions were adopted:

#### *Nonpartisan Commission to Determine Permanent Federal Taxation Policy:*

"WHEREAS, Business fears to venture when the tax toll is indeterminate and when management is threatened with the restoration of a tax on undistributed profits which violates the rudiments of corporate finance and sound accounting, and

"WHEREAS, Business is not a matter of blind hope but one of deliberate, scientific planning seeking to reduce to a minimum the hazards of variables and uncertainties, a type of planning which is impossible when uncertainty in taxes exists, and

"WHEREAS, There is need for determination of fixed principles of federal taxation intended to bridge the existing gap between tax accounting and established commercial practice and to afford to each taxpayer freedom to choose such forms and systems of accounting as are in his judgment best suited to his purpose, and

"WHEREAS, There is need for authoritative research as the basis for recommendations to Congress regarding fixed principles of federal taxation, be it

"RESOLVED, That the council of the American Institute of Accountants go on record as agreeing with the committee on federal taxation of the American Institute of Accountants in its declaration, recorded at this fifty-first annual meeting, that the Government could do no one thing of greater importance to assure the future stability of business than to create a qualified, nonpartisan commission to determine a permanent policy of federal taxation."

#### *Natural Business Year:*

"WHEREAS, It has been clearly demonstrated in the experience of professional accountants that the use of the natural business year in keeping the accounts of corporations has established the soundness of the practice, and

"WHEREAS, The Treasury Department of the United States reports that an increasing number of business and industrial companies are changing from the calendar year to the natural fiscal year in preparing financial statements for their stockholders, be it

"RESOLVED, That in the interest of economy and efficiency in management and of prompt and accurate reports to stockholders, the council of the American Institute of Accountants puts itself on record as recommending general adoption of the principle of the natural business year, a basis of accounting under which each business unit would end its accounting period at a date coincident with the close of the normal cycle of operation in that particular business."

#### *Entertainment*

At 1 P.M. officers and directors of the Indiana Association gave a luncheon for members of council of the Institute, officers and directors of the Ohio Society, and the members of the Indiana Association, and guests.

The annual banquet began at 7 P.M. with Robert E. Warren, of Cleveland, acting as toastmaster. Charles P. Taft,

of Cincinnati, nationally known public figure, made the principal address. His topic was "The Signs of the Times." Dancing and entertainment continued until 2 A.M.

Entertainment for ladies on this day included trips to the Procter & Gamble Co. plant, to the Rookwood Pottery, and to the Cincinnati Art Museum. They were entertained at tea as guests of the Krober Food Foundation at the Gibson Hotel.

#### COMMITTEES

At the conclusion of the meeting, a rising vote of thanks was given the Ohio Society for the splendid entertainment it had provided. Following are the members of Ohio Society committees responsible for that entertainment:

#### *Registration:*

Edwin F. Thorburn, *Chairman*  
E. A. Vogeles  
G. Robert Becker  
Robert E. Allen

#### *Reception:*

Fred C. Dennis, *Chairman*  
J. D. Cherrington  
L. G. Battelle  
Charles R. Bowen  
A. H. Brendel  
J. A. Bauman  
Homer L. Dalton  
Harry W. Cuthbertson  
F. J. Crane  
Walter A. Coy  
Sidney J. Collins  
Arthur L. Brockway  
Albert R. Cox  
Cyril H. Wideman  
John C. Martin  
Walter D. Wall  
Earl I. McArthur  
F. A. Hamilton  
Robert E. Warren  
Hugh C. Wall  
Vernon J. Moore  
Fred Lehn  
L. G. Rice  
Charles W. Swormstedt

Hugo O. Wendel  
E. S. Thomas

*Technical Sessions:*

Jacob B. Taylor, *Chairman*  
Gordon S. Battelle  
Hermann C. Miller  
Ernest A. Roden  
Stanley A. Hittner

*Printing:*

J. D. Cloud, *Chairman*  
H. W. Weiss  
Wm. H. Moeller  
George F. Heibertshausen  
L. H. Willig  
Raymond P. Vogele

*Transportation:*

Frederick G. Fielman, *Chairman*  
Frank A. Bennett  
Andrew W. Hagemann  
Frederic A. Powers  
Clinton F. Gardiner

*Banquet and Entertainment:*

Fred W. Fuller, *Chairman*  
James F. Allen  
Earl F. Eversman  
Alfred T. Reis  
W. H. Stanley  
Wm. H. Mers

*Banquet Seating:*

Oliver W. Seifert, *Chairman*  
John E. Shriver  
Edward J. Moehringer  
Richard C. Kennedy  
Charles L. Schmidt  
August E. Taske  
Alfred J. Bernens  
John W. Hueber

*Golf:*

Frank G. Schaefer, *Chairman*  
L. F. Rattermann  
James R. Favret  
W. N. Simlick  
R. H. Gravett

*Tennis:*

John Leslie Brown, *Chairman*  
M. Earl Tedtman  
Wm. Hollinger  
Eldon W. Stein

*Flying Squad:*

Richard Smethurst, Jr., *Chairman*  
Charles Keller  
Elmer J. Schell  
Roy Weidmer  
A. H. Klehfoth  
Edwin J. Ellig  
Harry W. McLaughlin  
Gilbert E. Marcus  
J. C. Libbert

*Credentials:*

B. G. Graham, *Chairman*  
C. E. Reinhardt  
Elmer J. Bauer

*Ladies:*

Miss Hertha Gromme, *Chairman*  
Mr. C. E. Reinhardt, *Co-Chairman*  
Mrs. R. E. Allen  
Mrs. Jacob Baruch  
Mrs. F. A. Bennett  
Mrs. A. J. Bernens  
Mrs. J. L. Brown  
Mrs. J. D. Cherrington  
Mrs. J. D. Cloud  
Mrs. Homer L. Dalton  
Mrs. E. F. Eversman  
Mrs. J. R. Favret  
Mrs. F. G. Fielman  
Mrs. F. W. Fuller  
Mrs. B. G. Graham  
Mrs. R. H. Gravett  
Mrs. F. A. Hamilton  
Mrs. S. A. Hittner  
Mrs. J. W. Hueber  
Mrs. Gilbert Marcus  
Mrs. E. W. Kain  
Mrs. R. C. Kennedy  
Mrs. A. H. Klehfoth  
Mrs. H. W. McLaughlin  
Miss Josephine Lowrie  
Mrs. Ralph Mateer  
Mrs. W. H. Mers  
Mrs. Hermann C. Miller  
Mrs. Vernon Moore  
Mrs. L. F. Rattermann  
Mrs. A. T. Reis  
Mrs. C. E. Reinhardt  
Mrs. L. G. Rice  
Mrs. E. A. Roden  
Mrs. E. J. Schell  
Mrs. O. W. Seifert

Mrs. J. E. Shriver  
Mrs. W. M. Simlick  
Mrs. W. H. Stanley  
Miss Anna Stare  
Mrs. A. J. Starr  
Mrs. E. S. Thomas  
Mrs. E. A. Voegel  
Mrs. Hugh Wall  
Mrs. H. W. Weiss  
Mrs. H. O. Wendell  
Mrs. L. H. Willig  
Mrs. E. W. Wood

Members of the Institute's committee on meetings, with which the Ohio Society committees cooperated closely, were:

Abner J. Starr, *Chairman*  
J. D. Cloud  
John D. Cherrington  
Richard C. Kennedy  
Ernest A. Roden

### **An Envious Record**

In the course of the recent annual meeting of the Institute at Cincinnati, it was discovered that one of those present, Will-A. Clader, of Philadelphia, had attended twenty-five consecutive annual meetings. This appears from the files of the Institute to be a unique record. Mr. Clader has served on the council of the Institute and has been active in its committee work. He was vice-president of the Institute in the year 1931-1932.

### **Bankruptcy**

Arrangements are being made by the New York State Society of Certified Public Accountants to devote the evening of October 24th, the date of the annual fall conference of the society, to a discussion of the new Chandler bankruptcy act, particularly as it affects accountants. The society's bankruptcy committee, under whose direction this meeting will be held, is planning to obtain guest speakers representing Congress, the judiciary, and the legal profession.

### **Report of the Special Committee on Inventories**

The council of the Institute at its meeting on September 26th received a report of the special committee on inventories which, because of the chairman's absence abroad, was not received in time for inclusion among the reports distributed to council in advance of the meeting. Believing it to be of general interest, the council directed that the report be published. It is as follows:

#### **TEXT OF REPORT**

"The special committee on inventories reports herewith upon the matter of replies received in answer to the questionnaire authorized by the executive committee last October, having to do with certain moot inventory considerations.

"While the number of replies received was disappointingly small, the evident careful consideration given to the questions propounded made them a gratifying body of opinion as to the points involved. Indeed that very fact, paradoxically enough, made them somewhat more difficult to amalgamate into something like a composite reply than if they had been more categorical.

"In one sense, perhaps, the most interesting result was the evident disposition to distinguish between the practice which, in the opinion of the replier, represented the weight of usage and an alternative practice which, although deemed to be of seldom occurrence, was nevertheless more favorably viewed by the replier on the ground of its more reasonable effect on the financial results. This was the case with regard to question number 2, concerning the effectuation of revaluation to market through an adjustable reserve, as against the much more prevalent method of a direct write-down of the inventoried items. The

attitude thus shown, in this instance was manifestly one of approaching the subject of moot matters of accounting, not with the viewpoint of a complacent acceptance of what was very generally being done, but rather with the thought of the possible desirability of change. This disposition of subjecting certain accounting concepts to a process of 're-thinking' (to adopt an apt expression of recent usage in other connections) is in line with the trend of thought manifested by the proponents of the 'last in, first out' method of inventory valuation.

"The replies to the questions propounded have been thus summarized:

- I. As to whether or not the concept of 'market' included that of 're-productive cost':
  - (a) Opinion seemed sharply divided as to actual commercial practice and understanding existent on this point. While it would appear that to some degree this divergence was explainable as one existing between different industries, the line of cleavage apparently extended beyond that; in other words, practice was also divergent on this point, to some degree, in the same industry.
  - (b) In the opinion of the members replying, however, there was a definite preponderance of thought that 'market' should be construed as including the concept of 're-productive cost.'
- II. As to the adjustment from cost to market through an 'adjustable reserve' instead of a direct write-down of inventoried items:
  - (a) It was the definite consensus of the replies that the occurrence of the reserve method in actual commercial practice was decidedly the exception rather than the rule; that it did exist as a practice, however, was clearly shown.
  - (b) Notwithstanding the condition shown in (a), of the replies taking a definite position either pro or con (that is, aside from two replies expressing either no preference or restricting the reserve to special instances only), the majority apparently evinced a favorable attitude toward the reserve method, from the viewpoint of sound theory. Expression was given in several replies to the desirability of specific recognition, as a separate item, of the market adjustment in the profit-and-loss statement.
- III. In the matter of the question whether the measure of the adjustment to be made to market value might alternatively be the 'net' decline, or only the 'gross' decline (using, for the sake of brevity, the terms 'net' and 'gross' as more fully explained in the committee report previously mentioned), the definite majority viewpoint recognized only the 'gross' decline as such measure. There was, however, a minority expression of opinion favoring the use of the 'net' measure in given instances. Such instances were related by the repliers either to the existing practice in certain industries, or to a proper consideration of an effectively 'hedged' position in the case of two or more important items of inventory.
- IV. Upon the question whether sundry supplies and repair parts for machinery and equipment should be given the same consideration, in the matter of market adjustment, that was given to direct materials, there was reflected a majority viewpoint that



such items, if included in current assets, required the application of the market adjustment by reason of such inclusion. A minority viewpoint favored the balance-sheet treatment of such items as deferred charges, with no adjustment to market. Of the majority, however, some would concede the treatment which the minority regarded as the only one, but as an optional treatment to the inclusion in current assets.

"The answers to question number five presented a rather difficult problem for summarization. This is easily understandable from the nature of the subject comprehended in that question. There was presented a rather sharp division of opinion as to whether it was incumbent upon the accountant to concern himself, in ordinary course, with an actual physical test count of his own, of the quantities inventoried. It was the unanimous view that he should of course, go as far as judgment dictated, in the matter of examination of related accounting records, the application of operating ratio and other like tests, and the obtaining of certificates from responsible officials. But half of the replies received did not (except in altogether unusual cases) consider that such work required supplementation by physical count tests; the other half considered tests either as desirable or (one reply) necessary additional procedure, in the ordinary course.

"The viewpoint prevailed that the accountant's public probably did not understand—except that restricted portion of such public which was brought into closer contact with the accountant's problems—that the accountant's opinion as expressed in his certificate, as related to inventories, must of necessity rest on certain assumptions on his part as against the absence of such necessity in the case, for example,

of cash. Arising from this situation there was evident a feeling on the part of one half of the replies—a one half part, peculiarly enough, which cut across both of the two halves previously mentioned—that some mention as to the matter was in order, a mention no doubt with an intent of education of the public. While any such mention appeared generally to be deemed by the repliers in question to be a matter for the accountant's certificate, some would make it a matter of balance-sheet footnote explanation."

The membership of the special committee on inventories is as follows:  
EDWARD A. KRACKE, New York, N. Y.,  
*Chairman*  
FREDERICK B. ANDREWS, Chicago, Ill.  
NORMAN J. LENHART, New York, N. Y.  
ALBERT J. WATSON, San Francisco, Calif.  
WILLIAM WHITFIELD, Portland, Ore.

### Management

The 1938 Conference on Office Management was held October 5th and 6th at the Hotel Pennsylvania, New York, N. Y., under the auspices of the American Management Association.

### Membership in Institute

The following note appeared in the August issue of *The Indiana C.P.A.*:

"We are sorry to note that many of our members have not availed themselves of the privilege of membership in the American Institute of Accountants. This is our national professional organization, and every C.P.A. in public practice owes it to himself and his client to see to it that he is a member of an organization which we say is tops in the professional field. Membership in our national body is an opportunity, notwithstanding the fact that it offers privileges of untold value. Read the back page of our new yearbook—then send in your application."

### William Purcell Bickett

William Purcell Bickett, of New York, N. Y., long a member of the firm of Haskins & Sells, died September 20th at his summer home, Seven Oaks, at Blowing Rock, N. C. He was born in Cincinnati in 1873, educated in private schools there and after a number of years of industrial and commercial experience, joined the organization of Haskins & Sells in Chicago in 1901. Mr. Bickett became a member of the firm on June 1, 1918, and for some years before coming to New York was in charge of its Chicago office.

Mr. Bickett was a past president of the Illinois Society of Public Accountants and a certified public accountant of New York, Louisiana, Missouri, and Oklahoma; a member of the Union League Club, Broad Street Club, Downtown Athletic Club, Garden City Country Club, New York State Society of Certified Public Accountants, the Accountants' Club, and the National Association of Cost Accountants. He had been a member of the American Institute of Accountants since 1916, and during the year 1925-1926 was auditor for the Institute.

### John R. Wildman

John R. Wildman, one of the leading accountants in the United States and a member of the firm of Haskins & Sells, died September 21st of a heart attack at his home, 130 Bellevue Ave., Upper Montclair, N. J.

Mr. Wildman was born in Yonkers, N. Y., in 1878. He attended Yale University and New York University, obtaining the Sc.B., B.C.S. (cum laude), and M.C.S. degrees. He served in the Spanish-American War in the United States and Puerto Rico, and was mana-

ger of the Puerto Rican Teachers' Expedition to the United States in 1904. He was at one time an instructor and professor of accounting at New York University, and became a member of the firm of Haskins & Sells in 1918. Mr. Wildman's affiliations included membership in the following: Accountants' Club, American Accounting Association, American Economic Association, National Association of Cost Accountants, New Jersey Society of Certified Public Accountants, New York State Society of Certified Public Accountants, New York University School of Commerce Alumni Association, New York University Men in Finance Club, Alpha Kappa Psi Fraternity, Delta Mu Delta Scholarship Society, Society of Mayflower Descendants, Sons of the American Revolution, and Bankers Club.

He was the author of many books on accounting, and a lecturer of prominence, addressing student bodies and accounting societies in various parts of the country. Among his books are *Capital Stock Without Par Value* (co-author, Weldon Powell), *Principles of Accounting*, *Principles of Auditing*, and *Principles of Cost Accounting*. He also wrote many articles on the subject of accountancy. Most of his accounting career was devoted to the training of young men for accountancy.

Mr. Wildman had been a member of the American Institute of Accountants since 1912, and had served on a number of its committees, including nine years as chairman of the committee on education. He also served on the committees on placements, terminology, and accounting procedure.

He held C.P.A. certificates of the states of New York, New Jersey, Missouri, Louisiana, and Tennessee.

## The Institute Offices

Attention is again called to the facilities of the new offices of the Institute at 13 East Forty-first Street which are available to members for conferences and other uses. Members from out of town particularly are urged to make the Institute's offices their headquarters while in New York.

## New Accountancy Law Service

A new accountancy law service has been published by the Commerce Clearing House, Inc., in cooperation with the American Institute of Accountants. It will report the laws, regulations, codes of ethics, decisions, and rulings on the subject of public accountancy. Many members have already availed themselves of this new service.

## Committee Activities

### Maryland

James L. Benson, president of the Maryland Association of Certified Public Accountants, has announced that the number of association committees has been increased this year to conform more closely to those appointed by the American Institute of Accountants and other state societies, thus affording members wider representation in committee work, and extending the activities of the association. Mr. Benson suggested that committee chairmen communicate with the secretary of the Institute regarding possible activities.

### Georgia

In a recent issue of the bulletin of the Georgia Society of Certified Public Accountants, there appears a specific program of work assigned to each of the committees of the society, following the plan recently adopted by the American Institute of Accountants and several other state societies.

## Forbes Medal Award

The John F. Forbes medal has been awarded to W. Ingram Parke who received the highest grade of the 349 candidates who wrote the California C.P.A. examinations of November, 1937, and May, 1938. The medal will be presented by William Dolge at a meeting of the San Francisco chapter to be held at the Engineers' Club, San Francisco, on Friday evening, October 21, 1938.

## Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, thirty-nine applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot.

Following are the new members and associates:

### ADVANCED TO MEMBERSHIP

H. A. Hanson, Honolulu, Hawaii

### ADMITTED AS MEMBERS

Horace D. Brown, San Francisco, Calif.

Elmer E. Burgeson, Youngstown, Ohio

Donald B. Caton, New York, N. Y.

Rodney G. Dennis, New York, N. Y.

John S. Frampton, New York, N. Y.

John C. Hackeling, New York, N. Y.

Kenneth W. Hadley, New Haven, Conn.

Eugene M. Heimerdinger, Louisville, Ky.

Joseph Hermann, Jr., Philadelphia, Pa.

Leon A. Kahn, Philadelphia, Pa.

C. A. King, Dallas, Texas

James E. Markussen, New York, N. Y.

Chester M. Martin, Liberty, N. Y.

William R. McCaffrey, New York, N. Y.

Peter Mendelssohn, Chicago, Ill.

Robert L. Miller, Lebanon, Pa.

Fred F. Morgan, Corpus Christi, Texas

William E. Reddicks, Jr., Philadelphia, Pa.

Jacob Lewis Simon, New York, N. Y.

John A. Smith, New York, N. Y.

Leonard K. Story, St. Louis, Mo.

Ivan M. West, Wichita, Kan.

Dempsey A. Winn, Amarillo, Texas

#### ADMITTED AS ASSOCIATES

Jules E. Anderson, New York, N. Y.

William K. Carson, Chicago, Ill.

Charles J. J. Cox, South Otselic, N. Y.

L. Leonard Drummon, Albuquerque, N. M.

Vincent L. Fusco, New York, N. Y.

John Richard Hamel, Syracuse, N. Y.

Clarkson Hill, New York, N. Y.

Graydon L. Lonsford, New York, N. Y.

Robert W. Morgan, New York, N. Y.

Mortimer R. Odermatt, Denver, Colo.

Alfred L. Pilson, New York, N. Y.

Harold A. Schroer, Sioux City, Iowa

George Silverstein, New York, N. Y.

J. Clayton Sims, Memphis, Tenn.

Charles F. Strandberg, Greensboro, N. C.

#### Visitors at Institute Offices

The following visitors from out of town have called at the new offices of the Institute in recent weeks:

George D. Bailey, Detroit, Mich.

Miller Bailey, Kansas City, Mo.

O. J. Bittel, Peoria, Ill.

D. S. Blackstock, Glasgow, Scotland

John A. Cooke, Chicago, Ill.

Carl E. Dietze, Milwaukee, Wis.

Carl Ehrengart, Jersey City, N. J.

Joseph E. Feinsilver, Boston, Mass.

John F. Forbes, San Francisco, Calif.

Earle M. French, Boston, Mass.

George Harrison, Tulsa, Okla.

Lewis Lilly, San Francisco, Calif.

Colin Edward St. James MacLennan, Washington, D. C.

C. Whitford McDowell, Philadelphia, Pa.

T. W. Mohle, Houston, Texas

Basil C. Moore, Sanford, Fla.

Joseph G. Motyka, Washington, D. C.

I. G. Pattinson, Los Angeles, Calif.

Floyd J. Pfeeger, Buffalo, N. Y.

Emiliano Pol, Jr., San Juan, Puerto Rico

David B. Saunders, Boston, Mass.

C. R. Sharp, Bombay, India

George W. Sims, Fresno, Calif.

Arthur C. Upleger, Waco, Texas

William R. Winn, Williamsport, Pa.

R. A. Witty, London, England

Irving Yaverbaum, Harrisburg, Pa.

John H. Zebley, Jr., Philadelphia, Pa.

#### Beta Alpha Psi

The profession of accountancy, like all other professions, is built upon a knowledge of basic principles and technical studies. Many certified public accountants have, like professional men in other fields while their professions were still young, educated themselves in the well known university of hard knocks. This was necessary until recent years because few universities offered instruction which would meet the requirements of so exacting a profession. Gradually the educational institutions have developed well-rounded courses intended to give the young men entering the profession many advantages which accrue from the codification of experiences and practice of older and skilled practitioners. Today many students are being trained for the profession in high-grade educational institutions offering complete training in accounting along with general education in liberal studies and business.

For the purpose of bringing together outstanding students majoring in accounting there was organized at the University of Illinois in 1919 a professional fraternity known as Beta Alpha Psi. The fraternity has had a steady and healthy growth until today it lists 18 active chapters at various universities spread from coast to coast and from the gulf to Canada. Two of the chapters are located in this state—Ohio State University at Columbus, Omi-

ron chapter chartered in 1929; and Western Reserve University at Cleveland, Pi chapter chartered in 1930. Total membership of the fraternity in the United States is approximately 3500.

Election to membership is conditioned upon high scholarship, particularly in accounting studies. In order to be elected a student must be registered in advanced accounting classes (generally about junior year work); he must have an average grade of C in all courses, and an average grade of B in accounting, where these are four passing grades—A, B, C, and D.

Honorary members may be initiated by any of the chapters provided such person is either a certified public accountant or a member of The American Institute of Accountants, or is a prominent accountant. Many leaders in the profession have thus been inducted into the fraternity. . . .

The fraternity instills in the minds of its members the highest ideals of professional and personal conduct. Six principles have been framed especially for young accountants and these play a part in the initiation of every member. The rules of conduct fostered by Beta Alpha Psi are positive in character and relate primarily to the individual deportment of the young accountant as an employee of a firm of professional accountants, or as an employee of a business enterprise. They are summed up in the following principles: (1) Intellectual integrity; (2) Loyal service; (3) Respect for confidence; (4) Professional bearing; (5) Irreproachable associates, and (6) Care for appearances.

The grand president of the fraternity is Professor H. J. Ostlund, University of Minnesota. The grand secretary-treasurer is Professor Hermann C. Miller, Ohio State University. Past grand presidents include the following

leaders in accountancy education: Scovill, Illinois; Kohler, Northwestern; Littleton, Illinois; Cox, Washington; Taylor, Ohio State; Woodbridge, California; Madden, New York; Schlatter, Illinois; Smith, Texas.

Reprinted from *The Ohio Certified Public Accountant*, August, 1938.

### Coöperation with Bar

Members of the Harrisburg chapter of the Pennsylvania Institute of C.P.A.'s and attorneys practising in the Harrisburg area held a joint meeting on September 30th to discuss problems arising in relations between the two professions. Leon D. Metzger, attorney, and Frank Wilbur Main, accountant, each spoke on the subject "Coöperation of Accountants and Attorneys." After these addresses there was a long discussion from the floor, and it was the sense of those present that much goodwill was engendered.

### Fraud in Accounts

The New York State Society of Certified Public Accountants is planning to devote one of its meetings this winter to a study of the question of employee fraud in accounts. The committee which is arranging the program for that meeting is asking the coöperation of members of the profession in assembling information to aid in this study.

The results of the study will be reduced to writing—perhaps in monograph or book form, depending upon the comprehensiveness of the material contributed.

The New York Society hopes that this study will effect a clearer understanding of the subject of fraud, which will redound to the benefit of the profession and its relations with the business community.

## Meetings and Elections

### California State Society of C.P.A.'s

#### *Los Angeles Chapter:*

DATE: September 12, 1938.

PLACE: Los Angeles.

SPEAKER: Hon. Leon R. Yankwich, Judge of U. S. District Court, on the federal courts and what they do.

### Illinois Society of C.P.A.'s

#### *Annual Meeting.*

PLACE: Chicago.

ELECTIONS: President—Edward B. Wilcox, of Chicago.

Vice-president—Robert C. Brown, of Chicago.

Secretary-Treasurer—J. Leonard Penny, of Chicago.

### Kansas Society of C.P.A.'s

DATE: September 9, 1938. *Annual Meeting.*

PLACE: Salina.

ELECTIONS: President—M. J. Kennedy, of Salina.

Vice-president—Fred B. Kubik, of Wichita.

Secretary-Treasurer—Joseph Acre, of Independence.

SPEAKERS: Clem W. Collins, president, American Institute of Accountants, on the importance of public accountants as an economic factor in the growth of the country, and on the activities of the Institute.

John K. Speck, director of the state income-tax department, Topeka, on the allocation of income for purposes of state income taxation.

L. E. Clevenger, attorney, of Salina, on the cooperation of attorneys with accountants.

W. A. Murphy, director of the division of unemployment compensa-

tion, Topeka, led a discussion of the unemployment-insurance tax.

### Maryland Association of C.P.A.'s

DATE: September 13, 1938.

PLACE: Baltimore.

SPEAKER: Dr. H. C. Byrd, president of the University of Maryland, on "The University of Maryland and Its Future."

### Michigan Association of C.P.A.'s

DATE: September 8, 1938.

PLACE: Detroit.

SPEAKER: Carl A. Olson, Commissioner of Michigan Corporation and Securities Commission, on "Coöperation between the Commission and the Accountants."

### Minnesota Society of C.P.A.'s

DATE: September 20, 1938.

PLACE: Minneapolis.

SPEAKER: H. T. McAnly, Chicago authority on standard cost accounting, on "Practical Application of Standard Cost Procedure."

### Pennsylvania Institute of C.P.A.'s

#### *Philadelphia Chapter:*

DATE: September 16, 1938.

SPEAKER: C. L. Turner, of Turner, Crook & Zebley, on "Comparative Study of Corporate Taxes in Fifteen Industrial States."

#### *Pittsburgh Chapter:*

DATE: September 13, 1938.

GUESTS: Manuel Kraus, deputy attorney general, discussing Pennsylvania taxation; and Irving Yaverbaum, chief examiner of the Department of Revenue, Commonwealth of Pennsylvania.

**Tennessee Society of C.P.A.'s**

*Chattanooga Chapter:*

DATE: September 13, 1938.

OFFICERS FOR 1938-1939: Chairman—

J. H. Hardy, of Chattanooga.

Vice-chairman—Frederick S. Turnbull, of Chattanooga.

Secretary-Treasurer—John T. Menefee, of Chattanooga.

**Texas Society of C.P.A.'s**

DATE: September 16 and 17, 1938.

*Annual Meeting.*

PLACE: Galveston.

SPEAKER: Dr. E. A. Saliers, professor of accounting at Louisiana State University, on financial aspects of depreciation.

ROUND TABLES: "Capital Gains and Losses under the Revenue Act of 1938," J. A. Phillips, leader.

"Audits of Cities, Counties and Independent School Districts in Texas," B. F. Irby, leader.

"New Provisions of the Revenue Act of 1938 Affecting Corporations," N. O. Richardson, leader.

ELECTIONS: President—Joseph C. Harris, of Dallas.

Vice-president—C. F. Milledge of Houston.

Secretary-Treasurer—Thomas W. Leland, of College Station.

**Virginia Society of Public Accountants**

DATE: September 9 and 10, 1938.

*Annual Meeting.*

PLACE: Richmond.

ELECTIONS: President—Emmett P. Dallas, of Norfolk.

Vice-president—A. Morris Toler, of Richmond.

Secretary-Treasurer—Morris W. Whitaker, of Lynchburg.

**Wisconsin Society of C.P.A.'s**

*Northern Chapter:*

DATE: September 17, 1938. Joint meeting with Upper Michigan Public Accountants Association.

PLACE: Menominee, Michigan.

SPEAKER: R. C. Creviston, secretary-manager of the Northern-Wisconsin-Michigan Association of Credit Men, on the bankruptcy law of 1938.

## Announcements

Sidney S. Bourgeois & Company announce the removal of their offices to suite 604-5-6, American Bank Bldg., New Orleans, La.

Wilbur L. Cranford announces the opening of accounting offices at 29 East First St., Reno, Nev.

Harry E. Howell, of Providence, R. I., has been appointed instructor in cost accounting at Northeastern University, Providence.

J. Edward MacDermott & Company, of New York, N. Y., announce that Harold Benjamin and Joseph S. Haas have been admitted to partnership in the firm.

Walter Mucklow announces the dissolution of the partnership of Milner & Mucklow, and the opening of new offices in the Professional Building, Miami, Fla. He will continue his Jacksonville office.

Frank L. Novaro and James P. Novaro announce the formation of a partnership to be known as Novaro & Company, with offices at 865 Chapel St., New Haven, Conn.

Robert Penn, of Chicago, announces his resignation from Arthur Young & Company, to engage in practice under his own name with offices at 59 East Madison St., room 1402, Chicago, Ill.

L. W. Fageant is the author of an article entitled, "Gifts to Institutions," published in the March, 1938, issue of the Lybrand, Ross Bros. & Montgomery *Journal*.

Robert L. Kane, Jr., of Trenton, N. J., recently delivered an address to the Arkansas Bankers Seminar at Fayetteville, Ark., on accounting in country banks.

D. C. Patterson, of Oklahoma City, Okla., has been appointed chairman of the governmental-agencies committee, Chamber of Commerce, Oklahoma City; a member of the rural-urban acquaintance committee, Rotary Club; and a member of the county good-roads committee.

Walter A. Staub, of New York, N. Y., contributed a paper entitled "Some Effects of Federal Taxes upon Investment Policies" to the *Investment Counsel Annual*, published in July by the Investment Counsel Association of America.

Clifford G. Wood, of Rockford, Ill., recently addressed the Rockford Society of Production Engineers, at Rockford, on the importance to production engineers of a knowledge of cost accounting theory.

John Oscar Williford, of Muskogee, Okla., is the author of an article entitled, "Some Accomplished Changes in Federal Taxation under the 1938 Revenue Act," published in the September issue of *Dun's Review*.

William C. Wright, of Oklahoma City, Okla., recently addressed a meeting of the standing committee on taxation of Mid-Continent Oil Gas Association (Kansas-Oklahoma division), at Ardmore, Okla., on the subject of taxation and its relation to "stripper" wells.





# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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Amendment of By-laws

Practice by Corporations

Accounting Libraries

The New Officers

Benevolent Fund

Meetings and Elections

Announcements

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15¢ a Copy

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*Officers 1938-1939*

**AMERICAN INSTITUTE OF ACCOUNTANTS**

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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<i>Vice-presidents</i> . . . . .	LEWIS ASHMAN, JOHN K. MATHIESON
<i>Treasurer</i> . . . . .	ARTHUR W. TEELE
<i>Secretary and Managing Editor</i> . . . . .	JOHN L. CAREY

# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## Accounting Libraries

ONE of the primary requirements of a professional organization is a library. The American Institute of Accountants considers its own library, containing some 15,000 books and pamphlets, as an indispensable part of its program of service. Some half dozen state societies in recent years have built libraries for the benefit of their own members, and many others are showing an inclination to follow suit.

The Institute library includes an active circulating department, from which books, pamphlets, and other material are sent to all parts of the country in response to requests from Institute members. It is the intention of the Institute library to continue and extend this circulation service, but there is no doubt that a greater number of accountants would be served if the individual societies and chapters also maintained libraries. A state society or chapter library is justified on many counts. It makes available at a convenient point recognized books on accounting subjects, thus saving time for the practitioner whose engagements call for research and additional study, and it fulfills the obligation resting upon every professional group to encourage reading, study, and research among its members.

Every state society and chapter, no matter how small the membership may be, can have its own library. A start can be made with a few volumes and, with the coöperation of the Institute, a collection of great value and usefulness can be built. The Institute library, with its experience in serving the needs of professional accountants over a long period of time can recommend well rounded lists of accounting and other reference books based on the amount of funds available. It can advise on plans by which collections may be housed and the costs defrayed. The American Institute Publishing Company will gladly assist in the purchase of books, relieving the society officers of some detail.

# American Institute of Accountants

## Practice by Corporations

At the meeting of council held on September 26, 1938, during the annual meeting of the Institute, rule No. 13, dealing with the practice of accounting by corporations, was added to the Institute's rules of professional conduct. The text of the rule is as follows:

"After September 16, 1939, no member or associate of the Institute shall be an officer, director, stockholder, representative or agent of any corporation engaged in the practice of public accounting in any state or territory of the United States or District of Columbia."

## Benevolent Fund

A special appeal was made to all members and associates of the Institute on September 1st to make contributions to the American Institute benevolent fund. No general appeal for funds had been made for some time, but the trustees felt that in view of probable demands it would be necessary to ask each member and associate for subscriptions at regular intervals. The response so far has been gratifying, especially in that many contributions in small amounts have helped to swell the total. The sole purpose of the benevolent fund is to save members from serious privation in cases where illness or advanced years have been accompanied by financial misfortune. The officers of the fund again urge that each member make a contribution.

## Amendment of By-laws

*There is enclosed with this issue of THE CERTIFIED PUBLIC ACCOUNTANT a communication from the secretary to the members of the American Institute of Accountants and a referendum ballot on a proposed amendment of the by-laws of the Institute. Members are urged to sign their ballots at once and return them in the envelope provided for that purpose. Ballots can be counted only if received at the office of the Institute by January 14, 1939. The purpose of the amendment is simply to make the committee on membership a standing committee rather than a special committee.*

## Southern Accounting Conference

Plans already are under way for a southern accounting conference to be held at New Orleans in the spring of 1940. Plans for this meeting were initiated at the All-South Accounting Conference held at Memphis, Tenn., August 25th to 27th. R. J. LeGardeur, of New Orleans, has been selected by the Society of Louisiana Certified Public Accountants to serve as chairman of the 1940 meeting.

Other officers are John A. Peroux, vice-chairman, and George A. Treadwell, secretary-treasurer—both of New Orleans.

The Institute will cooperate fully with the Louisiana Society and the conference officers in arrangements to assure an interesting program and large attendance.

### State Society Meetings

A number of state society meetings have recently taken place or are planned for the future with officers of the Institute representing the national organization.

#### PROVIDENCE

At its first meeting of the fall the Rhode Island Society of Certified Public Accountants gave careful consideration to the subjects of competitive bidding, and relations with other professional groups, and laid plans for an essay contest and an educational meeting. The latter plan involved a proposed amendment to the by-laws to create a standing committee on education, and an appropriation of \$50 to be offered as prizes to staff members and students of accounting for the best essay submitted on subjects to be specified by the committee. The educational meeting is to be held after the conclusion of the contest, and the prize winners will be the guests of the society. Addresses will be made by a prominent educator, and by an officer of the state society or the state board. All staff men and students who participate in the contest will be eligible to attend the meeting.

The society's committee on professional ethics was instructed to study the Connecticut Society's rule prohibiting competitive bidding, and to obtain as much information as possible about Connecticut's experience since adoption of the rule. A report at the next meeting of the Rhode Island Society was requested.

The principal speaker at the meeting, which was held at the Narragansett hotel, Providence, October 18th, was John L. Carey, secretary of the American Institute of Accountants. He spoke of relations between the accounting profession and the S.E.C., and the investigation undertaken by the Tempo-

rary National Economic Committee, as indicative of forces which were impelling the accountancy profession into a place of prominence in the community. He urged that organization of the profession be improved as quickly as possible so that new responsibilities might be adequately discharged, and told of the work of the state and national accounting societies in improving educational, ethical, and technical standards of the profession.

Albert E. Godfrey, president of the Rhode Island Society, occupied the chair.

#### BILLINGS

Clem W. Collins, president, was a guest speaker at the annual meeting of the Montana Society of Certified Public Accountants held at Billings October 21st and 22nd. Members of the Wyoming Society of Certified Public Accountants were also guests at the meeting. There were a number of prominent speakers on the program, and the addresses covered a wide range of subjects of interest to accountants. On page 22, the names of speakers and subjects of addresses are given.

#### PHILADELPHIA

The secretary attended the regular monthly meeting of the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants on October 25th. The principal speaker was Professor T. H. Sanders, of the Harvard University Graduate School of Business Administration, who discussed accounting principles.

#### CHARLESTON

The secretary of the American Institute of Accountants was a guest speaker at the annual meeting of the West Virginia Society of Certified Public Accountants at Charleston November 4th and 5th. Sessions began

with a luncheon at the Daniel Boone hotel, followed by a business meeting which occupied the entire afternoon, at which professional ethics, relations with the bar, and accounting education were among the principal topics of discussion.

A meeting of the board of directors followed.

At the annual banquet Homer A. Holt, governor of West Virginia, and D. Boone Dawson, mayor of the city of Charleston, spoke a few words of greeting. The state tax commissioner, members of the state public-utility commission, and the managing director of the Charleston Chamber of Commerce were also introduced.

The first speaker was W. Chapman Revercomb, president of the bar association of the city of Charleston, who spoke on the development of the accountancy profession and the parallel interests of accountants and lawyers. John L. Carey, secretary of the Institute, was next introduced. He told of several recent rulings by governmental agencies and taxing authorities which further extended recognition of the certified public accountant as an important factor in national economic life. Good organization and high standards of integrity, independence, and intelligence were emphasized by the secretary as essential bases for professional advancement.

The banquet was followed by dancing and entertainment.

On the morning of November 5th the members were taken on a tour of the Kanawha Valley industrial district, and a business session was held at the Kanawha Country Club, at which John Wiseman, of Wheeling, presented a paper, "Changes in Federal Taxes under the Revenue Act of 1938." Luncheon at the club concluded the program.

#### LANSING

The secretary plans to attend the 14th Annual Michigan Accounting Conference to be held at Michigan State College, East Lansing, on November 17th. He will speak on developments in professional accounting.

#### CLEARWATER

John K. Mathieson, vice-president, has accepted the invitation of H. M. Turnburke, president of the Florida Institute of Accountants, to speak at the semiannual convention of the institute, to be held at Clearwater on November 18th and 19th.

#### HARRISBURG

The secretary is included on the program of speakers at the Accounting Clinic, sponsored by the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants in cooperation with the American Institute of Accountants, to be held at Harrisburg November 18th and 19th. The program is described on page 15.

#### THE SOUTH

During the early part of December the president plans to attend meetings of state society groups in the following southern cities: Dallas, Houston, New Orleans, Jackson, Miss., Birmingham, Atlanta, Jacksonville, and Miami.

#### THE WEST

Early in December the secretary plans to leave for San Francisco to confer with the Institute's committee on meetings and the California State Society of Certified Public Accountants regarding arrangements for the 1939 annual meeting of the Institute. Before his return to New York he will attend meetings of state society groups in Los Angeles, Salt Lake City, Oklahoma City, Phoenix, Wichita, Portland, Ore., and Seattle.

## Elections and Appointments

IN THE CERTIFIED PUBLIC ACCOUNTANT for October, the officers and members of council elected at the annual meeting at Cincinnati, Ohio, September 26-29, were published.

At the meeting of council on September 29th, John L. Carey was elected secretary of the American Institute of Accountants for the fiscal year 1938-1939. Seven members of the executive committee were elected for the current fiscal year. The president, vice-presidents, and treasurer are members ex-officio. Following is the personnel of the executive committee:

Clem W. Collins, president, Colorado  
 Lewis Ashman, vice-president, Illinois  
 John K. Mathieson, vice-president, Pennsylvania  
 Arthur W. Teele, treasurer, New York  
 Charles F. Coates, Connecticut  
 George P. Ellis, Illinois  
 P. W. R. Glover, New York  
 F. H. Hurdman, New York  
 Robert H. Montgomery, New York  
 Rodney F. Starkey, New York  
 C. Oliver Wellington, New York

The following committee on professional ethics was elected for the current fiscal year:

I. Graham Pattinson, California, *chairman*  
 George Cochrane, New York  
 C. C. Croggon, Maryland  
 Ralph B. Mayo, Colorado  
 Dwight Williams, Oklahoma

The following were elected to the board of examiners for a term of three years:

Percival F. Brundage, New York  
 C. S. Goldston, Virginia  
 Lincoln G. Kelly, Utah

The committee on nominations, consisting of two members of council elected by the council at its meeting

on September 26th, and five members of the Institute not members of the council, elected by the Institute at the business session on September 29th, is as follows:

Robert H. Montgomery, New York  
 Norman L. McLaren, California  
 Roy Andreae, Illinois  
 James A. Councilor, District of Columbia  
 Homer L. Dalton, Ohio  
 Edw. S. Rittler, Louisiana  
 Ross T. Warner, Oklahoma

The president has appointed the following committees to serve for the fiscal year 1938-1939:

### COMMITTEE ON ACCOUNTING PROCEDURE

George O. May, *chairman*, New York  
 Frederick B. Andrews, Illinois  
 George D. Bailey, Michigan  
 Carman G. Blough, Illinois  
 Samuel J. Broad, New York  
 Arthur H. Carter, New York  
 Charles B. Couchman, New York  
 A. S. Fedde, New York  
 Henry B. Fernald, New York  
 Stanley G. H. Fitch, Massachusetts  
 Henry A. Horne, New York  
 Frederick H. Hurdman, New York  
 Lincoln G. Kelly, Utah  
 Roy B. Kester, New York  
 Lewis Lilly, California  
 A. C. Littleton, Illinois  
 Warren W. Nissley, New York  
 William A. Paton, Michigan  
 Charles F. Rittenhouse, Massachusetts  
 Walter A. Staub, New York  
 Victor H. Stempf, New York

### COMMITTEE ON ARBITRATION

J. Bryan Stephenson, *chairman*, New Mexico  
 Gilbert F. Dukes, Alabama  
 Caddie H. Kinard, Arkansas  
 Harry J. Mack, Delaware  
 Roscoe L. Thomas, Montana



## COMMITTEE ON BUDGET AND FINANCE

P. W. R. Glover, *chairman*, New York  
 John K. Mathieson, Pennsylvania  
 Rodney F. Starkey, New York

## COMMITTEE ON BY-LAWS

William B. Franke, *chairman*, New York  
 Frederick B. Andrews, Illinois  
 Harold J. Beirsto, New York  
 Edw. S. Rittler, Louisiana  
 T. Edward Ross, Pennsylvania

## COMMITTEE ON CREDENTIALS

William Dolge, *chairman*, California  
 B. W. Bours, California  
 John W. Burrows, California

## COMMITTEE ON EDUCATION

*For three years:*

James M. McConahey, Washington  
 Jacob B. Taylor, Ohio

*For two years:*

Roy B. Kester, *chairman*, New York

*For one year:*

George E. Bennett, New York  
 Paul K. Knight, New York

## COMMITTEE ON FEDERAL TAXATION

Victor H. Stempf, *chairman*, New York  
 William L. Clark, Oklahoma  
 James A. Councilor, District of Columbia  
 Clarence L. Turner, Pennsylvania  
 Leon E. Williams, New York

## COMMITTEE ON MEETINGS

A. DeWitt Alexander, *chairman*, California  
 James E. Hammond, California  
 George R. Keast, California  
 Louis H. Penney, California  
 J. B. Scholefield, California  
 Frank G. Short, California

## COMMITTEE ON PUBLICATION

C. Oliver Wellington, *chairman*, New York  
 Frank Wilbur Main, Pennsylvania

Maurice E. Peloubet, New Jersey  
 Charles F. Rittenhouse, Massachusetts  
 Prior Sinclair, New York

## COMMITTEE ON STATE LEGISLATION

Charles H. Towns, *chairman*, New York  
 A. DeWitt Alexander, California  
 Arthur L. Baldwin, Colorado  
 Parry Barnes, Missouri  
 Jay E. Bigham, Florida  
 J. A. Boulay, Minnesota  
 William Charles, Missouri  
 Louis F. Diehl, Idaho  
 William B. Isenberg, Michigan  
 James A. Leach, Jr., Virginia  
 Walter M. LeClear, Illinois  
 H. H. Osborn, Tennessee  
 N. O. Richardson, Texas  
 Neil Sexton, Washington  
 Harold B. Simpson, New York  
 Roscoe L. Thomas, Montana  
 Edward B. Wilcox, Illinois

## COMMITTEE ON TERMINOLOGY

Henry B. Fernald, *chairman*, New York  
 William D. Cranstoun, New York  
 James L. Dohr, New York

## SPECIAL COMMITTEE ON ACCOUNTANTS' CERTIFICATES

Stanley G. H. Fitch, *chairman*, Massachusetts  
 George D. Bailey, Michigan  
 Samuel J. Broad, New York  
 John F. Forbes, California  
 Ralph B. Mayo, Colorado  
 Charles R. Whitworth, Illinois  
 Frank L. Wilcox, Texas

## SPECIAL COMMITTEE ON ACCOUNTING MACHINERY

Charles J. Maxcy, *chairman*, District of Columbia  
 Roland W. Gleason, New York  
 Cyril J. Hasson, California  
 Edward Q. Kruchten, Illinois

## SPECIAL COMMITTEE ON BANKRUPTCY

T. Coleman Andrews, *chairman*, Virginia

Charles S. J. Banks, Illinois  
 Wm. Gordon Buchanan, District of  
 Columbia  
 Harry M. Jay, Tennessee  
 A. C. Upleger, Texas  
 Kenneth White, Kentucky

SPECIAL COMMITTEE ON COMMERCIAL  
 ARBITRATION

J. Pryse Goodwin, *chairman*, New  
 York  
 James F. Hughes, New York  
 Hobart S. Hutzell, West Virginia  
 D. G. Sisterson, Pennsylvania  
 Clarence S. Springer, Vermont  
 Henry M. Thomson, California  
 Lewis Wintermute, Ohio

SPECIAL COMMITTEE ON COÖPERATION  
 WITH BANKERS

A. S. Fedde, *chairman*, New York  
 J. N. Aitken, Jr., Pennsylvania  
 Harold R. Caffyn, New York  
 Procter H. Kerr, Missouri  
 Harry B. Mills, California  
 Rodney D. White, Washington  
 Charles R. Whitworth, Illinois

SPECIAL COMMITTEE ON COÖPERATION  
 WITH BAR ASSOCIATION

Francis P. Byerly, *chairman*, New  
 York  
 T. Coleman Andrews, Virginia  
 Lewis Ashman, Illinois  
 John F. Forbes, California  
 James J. Hastings, New Jersey  
 John T. Madden, New York  
 Victor H. Stempf, New York

SPECIAL COMMITTEE ON COÖPERATION  
 WITH CREDIT MEN

Henry J. Miller, *chairman*, Louisiana  
 John Fraser, New York  
 J. H. Gilby, Illinois  
 Everett P. Green, Texas  
 Judson E. Krueger, California  
 John J. Lang, Missouri  
 C. Whitford McDowell, Pennsylv-  
 ania  
 Herman C. J. Peisch, Minnesota  
 G. Clayton Shannon, Pennsylvania  
 Conrad B. Taylor, New York  
 David McEwan Watson, Colorado

J. Russell Wharton, Indiana  
 Arthur W. Yardley, Massachusetts

SPECIAL COMMITTEE ON COÖPERATION  
 WITH INVESTMENT BANKERS

Arthur H. Carter, *chairman*, New  
 York  
 Peter S. Barton, Illinois  
 C. P. Carruthers, California  
 Samuel D. Leidesdorf, New York  
 Edwin H. Wagner, Missouri

SPECIAL COMMITTEE ON COÖPERATION  
 WITH SECURITIES AND EXCHANGE  
 COMMISSION

Rodney F. Starkey, *chairman*, New  
 York  
 Samuel J. Broad, New York  
 Charles B. Couchman, New York  
 William R. Donaldson, New York  
 Fred J. Duncombe, Illinois  
 Paul K. Knight, New York  
 John K. Mathieson, Pennsylvania  
 David L. Milne, New York  
 Warren W. Nissley, New York  
 Andrew Stewart, New York  
 Homer N. Sweet, Massachusetts

SPECIAL COMMITTEE ON COÖPERATION  
 WITH STOCK EXCHANGES

Frederick H. Hurdman, *chairman*,  
 New York  
 Archibald Bowman, New York  
 Arthur H. Carter, New York  
 George Cochrane, New York  
 Paul K. Knight, New York  
 Geoffrey G. Rowbotham, New York  
 Walter A. Staub, New York

SPECIAL COMMITTEE ON COÖPERATION  
 WITH TRADE ASSOCIATIONS

J. Arthur Marvin, *chairman*, New  
 York  
 Albert G. Aschenbeck, Minnesota  
 Parry Barnes, Missouri  
 Wm. Gordon Buchanan, District of  
 Columbia  
 William J. Carter, Georgia  
 Carl E. Dietze, Wisconsin  
 Samuel W. Eskew, Kentucky  
 Julius E. Flink, New Jersey  
 Dick D. Quin, Mississippi  
 Frank G. Rodgers, Texas

John C. Thomson, California

**SPECIAL COMMITTEE ON COSTS**

J. Brooks Heckert, *chairman*, Ohio  
 Horace G. Crockett, New York  
 Howard C. Greer, Illinois

**SPECIAL COMMITTEE ON FEDERAL  
 LEGISLATION**

Paul W. Pinkerton, *chairman*, Penn-  
 sylvania  
 C. Vaughan Darby, District of  
 Columbia  
 Joseph J. Klein, New York  
 James Munro, Idaho  
 J. Carle Parry, Jr., Pennsylvania  
 Herman C. J. Peisch, Minnesota  
 Carl Penner, Wisconsin

**SPECIAL COMMITTEE ON GOVERN-  
 MENTAL ACCOUNTING**

Lloyd Morey, *chairman*, Illinois  
 T. Coleman Andrews, Virginia  
 George P. Auld, New York  
 George P. Ellis, Illinois  
 F. H. Elwell, Wisconsin  
 C. S. Goldston, Virginia  
 G. Charles Hurdman, New York  
 Eric L. Kohler, Tennessee  
 H. P. Seidemann, District of Colum-  
 bia  
 Edmund R. Stewart, District of  
 Columbia  
 William E. Taylor, District of Co-  
 lumbia  
 William H. Welcker, Pennsylvania

**SPECIAL COMMITTEE ON INVENTORIES**

Edward A. Kracke, *chairman*, New  
 York  
 Frederick B. Andrews, Illinois  
 Norman J. Lenhart, New York  
 Albert J. Watson, California  
 William Whitfield, Oregon

**SPECIAL COMMITTEE ON NATURAL  
 BUSINESS YEAR**

Francis E. Ross, *chairman*, Michigan  
 Charles B. Couchman, New York

William R. Donaldson, New York  
 O. C. Herdrich, Indiana  
 Henry J. Miller, Louisiana  
 George E. Perrin, North Carolina  
 Hiram T. Scovill, Illinois

**SPECIAL COMMITTEE ON PUBLIC UTIL-  
 ITY ACCOUNTING**

Henry A. Horne, *chairman*, New  
 York  
 George F. Brewer, Illinois  
 Einar C. Christensen, Illinois  
 Will-A. Clader, Pennsylvania  
 Walter A. Staub, New York

**SPECIAL COMMITTEE ON SAVINGS AND  
 LOAN ACCOUNTS**

Frank S. Glendening, *chairman*,  
 Pennsylvania  
 Leo P. Gallagher, Illinois  
 Morris J. Hoenic, New Jersey  
 Elton C. Loucks, Nebraska  
 A. P. McCarroll, New York  
 I. B. McGladrey, Iowa  
 T. A. Williams, Louisiana

**SPECIAL COMMITTEE ON SOCIAL SECUR-  
 ITY ACT**

Harold C. Anderson, *chairman*,  
 District of Columbia  
 Joseph K. Brelsford, Kansas  
 R. W. E. Cole, California  
 J. Chester Crandell, Massachusetts  
 Hugh T. Cuthbert, Arizona  
 David L. Milne, New York  
 Merrill C. Patten, South Carolina

**SPECIAL COMMITTEE ON STOCK BRO-  
 KERAGE ACCOUNTING**

Frederick W. Wulfig, *chairman*,  
 New York  
 George A. Bangle, California  
 John Dassau, New York  
 H. Hilton Dumbrille, New York  
 Murdoch W. Maclachlan, New York  
 J. M. Neumayer, Missouri  
 Robert H. Prytherch, New York  
 Walter H. Rohe, Illinois  
 Andrew Stewart, New York

## New Officers and Members of Council

### The New Officers

Following are brief biographies of the officers of the Institute elected at the general session of the annual meeting at the Netherland Plaza hotel, Cincinnati, Ohio, on September 29, 1938:

#### CLEM W. COLLINS, PRESIDENT

Mr. Collins is engaged in public practice as senior partner of Collins, Peabody & Young, and is dean of the school of commerce, University of Denver.

Born in Bloomfield, Ark., Mr. Collins attended Drury Academy at Springfield, Mo., and Warrensburg (Mo.) State Normal School. He was graduated from the University of Denver with the degree of Bachelor of Science in Commerce. Subsequently, he obtained the C.P.A. certificates of Colorado and California.

He began public practice in Denver in 1912. In 1913 and 1914 Mr. Collins served as president of the Colorado State Board of Accountancy, and has served as president of the Colorado Society of Certified Public Accountants.

During the World War Mr. Collins served in the Quartermaster Corps, with the rank of captain.

Mr. Collins is a charter member of the Institute and has been a member of the council since 1931. In 1928-1929 he served on the committee on state legislation, and in 1929-1930 was chairman of the committee on meetings. He also has served on the special committee on bankruptcy reform and the special committee on governmental accounting. He was a member of the committee on professional ethics for three years.

#### LEWIS ASHMAN, VICE-PRESIDENT

Mr. Ashman is a partner of Ashman, Reedy & Currier, Chicago, Ill. He was

graduated from the school of commerce of Northwestern University in 1912, and worked for several firms of public accountants as a staff member for a period of five years prior to entering practice for himself. He is a certified public accountant of Illinois, and a past president of the Illinois Society of Certified Public Accountants. He also served a term as member of the Board of Examiners in Accountancy of the University of Illinois.

Mr. Ashman has been a member of the Institute since 1916, and has been active on many of its committees: From 1933 to 1938 he was a member of council, and during 1937-1938 was a member of the executive committee. He has also served on the following special committees: coöperation with investment bankers (chairman); development of accounting principles; public relations; coöperation with state securities commissioners (chairman); coöperation with bankers; coöperation with bar association; and the subcommittee on N.R.A.

#### JOHN K. MATHIESON, VICE-PRESIDENT

Mr. Mathieson is a partner in the firm of Mathieson, Aitken & Co., of Philadelphia. He was born in Candler, Fla., but received his education in the public schools of Chester, Pa., and the University of Pennsylvania where he studied at the Wharton School of Accounts and Finance.

Mr. Mathieson began work in the Delaware County Trust Co., Chester, Pa., then joined the staff of Lybrand, Ross Bros. & Montgomery, Philadelphia, and remained with that firm for six years. During the World War he was a lieutenant in the air service. In 1919 he joined in forming the firm of Wiegner, Rockey & Co., which was dissolved in 1929.

Mr. Mathieson is a certified public accountant of Pennsylvania and a member of the Pennsylvania Institute of Certified Public Accountants. He is also a member of the National Association of Cost Accountants.

He has been a member of the American Institute of Accountants since 1921, and has served the Institute in various capacities, including that of auditor for two years, member of council for five years and of the executive committee for two years, and member of the board of trustees of the American Institute of Accountants Foundation. In addition, he served on the committees on budget and finance, professional ethics, state legislation, and on the special committees on natural business year and social-security act.

#### ARTHUR W. TEELE, TREASURER

Mr. Teele is a resident of New York, where he has practised since 1891, and a partner of Patterson, Teele & Dennis. His firm, of which he was a founder, was organized in 1901.

He is a charter member of the Institute and has been one of its most active members. He served on the special war committee in 1917, 1918, and 1919. He was the first chairman of the board of examiners, on which he served for a number of years. He was vice-president in 1919 and 1921, and was elected for a five-year term as a member of the council. He has served for twelve years on the executive committee, during nine of which he was treasurer of the Institute. Other committees on which he has served are those on professional advancement, professional ethics, by-laws and administration of endowment. During the year 1936-1937 he served as chairman of the committee on accounting procedure, and also as honorary member of the special committee on fiftieth anniversary celebration. Mr.

Teele has also been an active member of the New York State Society of Certified Public Accountants.

During the World War he was a member of the War Industries Board and later was appointed by President Harding to the emergency fleet claims committee.

He was president of the New York Athletic Club for two years and has been a member of the board of governors for twelve years.

#### JAMES F. HUGHES, AUDITOR

Mr. Hughes is a partner of Boyce, Hughes & Farrell, New York, N. Y., having started the firm in 1911 in partnership with James F. Farrell. He attended Phillips-Exeter Academy, and subsequently obtained the C.P.A. certificates of New York and New Jersey. He was at one time lecturer at Columbia University.

Mr. Hughes is a past president of the American Society of Certified Public Accountants. He also is a past president of the New York State Society of Certified Public Accountants and of the New Jersey Society of Certified Public Accountants, and has served each of these societies in many capacities. Mr. Hughes was a member of the New Jersey State Board of Public Accountants for fifteen years, during part of which time he was its president. He was also a member of the American Society Committee which coöperated with an Institute committee to bring about the merger of the two organizations. He has been a member of the Institute since its formation in 1916. Prior to that time he was a member of its predecessor, the American Association of Public Accountants. He has served on the special committees on commercial arbitration, coöperation with bankers, and fiftieth anniversary celebration.

**JACOB S. SEIDMAN, AUDITOR**

Mr. Seidman is a native of Brooklyn, N. Y., and has been engaged in public accounting practice as a partner of Seidman & Seidman since 1922. He is also an attorney engaged in tax practice.

Mr. Seidman attended New York public schools, New York University, where he received the B.C.S. and B.S. degrees in 1921 and 1928, respectively, Fordham Law School where he received the LL.B. degree in 1924, and St. Lawrence University where he received the LL.M. degree in 1925. In 1922 he became a certified public accountant of New York, and thereafter in several other states.

Mr. Seidman is vice-chairman of the committee on meetings, and member of the committee on federal taxation of New York State Society of Certified Public Accountants. He is also a member of the American Accounting Association, and director of the New York Chapter of the National Association of Cost Accountants. In 1936 he became a member of the Institute and during 1936-1937 served on the committee on federal taxation.

**New Members of Council**

Following are brief biographies of the new members of council, elected at the general session at the Netherland Plaza hotel, Cincinnati, Ohio, on September 29, 1938:

**GEORGE COCHRANE**

Mr. Cochrane was born in Liverpool, England, and received his education in that country. He is a certified public accountant of New York, a member of the Institute of Chartered Accountants in England and Wales, and of The Society of Chartered Accountants of the Province of Quebec.

Mr. Cochrane served his apprenticeship in Chester and Liverpool, England.

From 1916 to 1918 he was manager of the Cuban office of Deloitte, Plender, Griffiths & Co. In 1918 he became a partner in the firm and remained in Cuba until 1921, when he came to the New York office. He is now senior partner of the firm in North America.

A member of the Institute since 1923, Mr. Cochrane has served on the following committees: budget and finance, federal legislation, professional ethics, and by-laws (chairman); special committees on public relations, coöperation with stock exchanges, executive committee of the fiftieth anniversary celebration, and the special committee to revise Federal Reserve Bulletin.

**STANLEY G. H. FITCH**

Mr. Fitch is a partner of Patterson, Teele & Dennis, of Boston, Mass. He was graduated from the Massachusetts Institute of Technology in 1900 with the B.S. degree in chemical engineering. After two years' experience in engineering work and seven years' experience as auditor and treasurer of manufacturing corporations, Mr. Fitch entered the practice of public accounting in 1909. From 1915 to 1920 he was instructor in auditing and accounting in the college of business administration of Boston University.

Mr. Fitch is a certified public accountant of Massachusetts and a past president of the Massachusetts Society of Certified Public Accountants. He also holds the C.P.A. certificates of the states of New York, New Jersey, New Hampshire, and Massachusetts. He is a past president of the Boston Chapter of the National Association of Cost Accountants.

A member of the Institute since 1916, Mr. Fitch has served almost continuously either as an officer or as a member of one of its numerous committees. He was vice-president for one year, a

member of council for two five-year periods, and a member of the executive committee for one year. In addition, he served on the following committees: professional ethics, nominations, and by-laws (chairman); and the special committees on coöperation with bankers, and fiftieth anniversary celebration.

#### BERL G. GRAHAM

Mr. Graham is a partner of Gano and Cherrington, Cincinnati, Ohio, having joined the staff there in 1915. A native of Windfall, Ind., Mr. Graham attended Winona Normal College, Central Normal College, and the University of Cincinnati. He is now serving his twentieth year as instructor in cost accounting and auditing in the evening courses in accountancy at the University of Cincinnati.

Mr. Graham is a certified public accountant of Ohio and a director of the Ohio Society of Certified Public Accountants. He has served three terms as president of the Ohio Society. He is a member of the Omicron (O.S.U.) Chapter of Beta Alpha Psi national accounting fraternity.

A member of the Institute since 1924, he has served on the committee on federal taxation and the special committee on development of the Institute.

#### JOSEPH J. KLEIN

Dr. Klein is a partner in Klein, Hinds & Finke. A native of New York, Dr. Klein attended the public schools of New York and received the B.S. degree from the City College of New York, the M.A. and Ph.D. degrees from New York University, and the LL.B. degree from Fordham University. He is a member of the New York bar.

Dr. Klein was formerly tax editor of the *New York Globe* and associated newspapers, helped to organize and establish the accounting, auditing, and

tax courses at the College of the City of New York, has been a lecturer there and elsewhere, is now associate professor of taxation at the college, and a member and chairman of the finance committee of the Board of Higher Education, the governing body of the four municipal colleges in New York City. He is well known as a contributor to various magazines and as the author of books on accounting, taxation, and commercial education.

He is a certified public accountant of New York, and has served the New York State Society of Certified Public Accountants as vice-president and president and as a member and chairman of several of its committees. He is also a member of the American Economic Association, Academy of Political Science, National Association of Cost Accountants, Phi Beta Kappa, National Tax Association, American and New York State Bar Associations.

A member of the Institute since 1913, Dr. Klein has been active in its committee work, including membership on the committees on federal taxation and terminology and the special committees on international double taxation, commercial arbitration (chairman), and fiftieth anniversary celebration.

#### ADRIAN F. SANDERBECK

Mr. Sanderbeck has been a partner in the firm of Bachrach, Sanderbeck & Company, Pittsburgh, Pa., since 1929. He had previously been staff accountant with Main & Company for a period of four years, and from 1922 to 1928 practised under his own name. He was born in Pittsburgh, Pa., and attended Pittsburgh High School and the school of business administration of the University of Pittsburgh. Later he received the B.C.S. degree from Duquesne University.

Mr. Sanderbeck is a certified public accountant of Pennsylvania and a past president of the Pennsylvania Institute of Certified Public Accountants. He has also served as chairman and as secretary of the Pittsburgh chapter of the Pennsylvania Institute. He has been a member of council of the American Institute of Accountants since 1936.

**RODNEY F. STARKEY**

Mr. Starkey is a partner of Price, Waterhouse & Co., New York, N. Y. He has been with the firm since 1918. Born in Brooklyn, N. Y., he received his early education in the public schools of New York, and later attended Amherst College.

Mr. Starkey is a certified public accountant of Louisiana, New Jersey, and New York. He has been a member of the Institute since 1931, and has served on the following committees: executive committee, accounting procedure, and the special committees on coöperation with S.E.C. (chairman from 1936-

1938), coöperation with state securities commissioners, and fiftieth anniversary celebration.

**RALPH B. STRATFORD**

Mr. Stratford is a partner of Whitfield, Stratford & Co., Portland, Ore., which was known as William Whitfield & Co. at the time he joined the firm in 1926. He was born in Logan, Utah, and received his early education in the Pocatello, Idaho, grade schools and high school. He later attended the University of Idaho and the Oregon Institute of Technology. For a number of years Mr. Stratford has been on the teaching staff of the Oregon Institute of Technology, having charge of the instruction in auditing and income tax.

Mr. Stratford is a certified public accountant of Oregon and past president of the Oregon State Society of Certified Public Accountants. He has been a member of the Institute since 1935, and has served on its special committee on development of the profession.



## Bankruptcy

The American Institute of Accountants has become a contributing member of the National Bankruptcy Conference and will participate in its activities through its representatives, T. Coleman Andrews, of Richmond, Va., and Harry M. Jay, of Memphis, Tenn.

Charles Banks, of Chicago, Ill., also a member of the Institute's special committee on bankruptcy, has for some years been an individual member of the Conference and participated extensively in the preliminary work of preparing the Chandler bill.

The Conference was organized in 1932 as a direct result of a suggestion made shortly before by a member of a subcommittee of the Senate judiciary committee during a hearing on the pending Hastings-Michener bankruptcy bill. At that hearing, a number of experts on bankruptcy law had offered objections to certain provisions of the pending bill. One of the Senators present suggested that it would be helpful to the Congress if persons and organizations most interested in bankruptcy administration could study the situation carefully and present to Congress a comprehensive suggestion for the amendment of the law. Within a short time several witnesses who had appeared at the hearings had formed a tentative organization which they termed the National Bankruptcy Conference and which soon was increased in size until it had forty members. A satisfactory form of organization was established, an agenda of work adopted and the first of a long series of meetings was held to consider all aspects of the bankruptcy situation and work on a report to Congress.

The principal objective of the Conference was, and still is, to seek bankruptcy legislation which would be bene-

ficial to all interests affected by the bankruptcy law. It was recognized at the outset that if the work of the Conference was to be successful, it would have to be free from any suggestion of self-interest and be motivated by a desire to be of service to the public generally and not to any special group or interest. That basic policy has been effectuated not only by a rigid adherence to it in the conduct of the Conference work but by the very nature of the membership of the Conference which is representative of virtually all groups interested in bankruptcy matters.

The membership of the Conference today consists not only of individuals who are recognized authorities in general and special fields of bankruptcy law, but also of outstanding national organizations such as the American Institute of Accountants, the National Association of Credit Men, the National Association of Referees in Bankruptcy, the Commercial Law League, the American Bar Association, the American Bankers Association, the American Retail Federation and other groups.

The first important objective of the Conference, a complete modernization of the federal bankruptcy law, has been successfully attained. During the six years of work leading to the passage of the Chandler bill, the Conference has been shaped into an efficient organization which is now prepared to carry forward the additional work and responsibility which have inevitably been brought to the Conference as a result of its work on the Chandler bill. An example of this additional responsibility is the recent work of the Conference in developing suggestions and recommendations to the Supreme Court in connection with the revision of the General Orders in Bankruptcy, which has been necessitated by the passage of the Chandler act. Another example

is a program of the Conference to cooperate in educational efforts which are being made throughout the country to promote a wider understanding of the act so that its full benefits will be available to all persons affected by it. It is also recognized that the Conference, which contributed so much to the development of the legislation, will have to observe its operation carefully so that it will be prepared to comment on any suggestions which are made to amend the law. These and many other matters are receiving the careful consideration of the officers and members of the Conference.

### Proceedings of the Ohio Institute

The office of the Institute has received a printed booklet of 155 pages which contains the complete proceedings of the institute on accounting, held May 20 and 21, 1938, at the Ohio State University, Columbus, Ohio. The institute was sponsored by the department of accounting of the College of Commerce and Administration at the Ohio State University. The program was described in the June issue of this bulletin.

### Student Publication

The *Accounting Forum*, official publication of the Accounting Society of the College of the City of New York, appeared in October with complete change of format. The magazine, which had formerly been produced by mimeograph and photo offset, is now printed. Consisting of forty-four pages, the October issue contained six signed articles, two of which were by members of the American Institute of Accountants. Maurice E. Peloubet contributed a piece entitled "The Enjoyment of Unpleasant Assignments," and W. A. Paton wrote on "The 'Gross Profit' Convention."

### Annual Meeting

The 1939 annual meeting of the American Institute of Accountants will be held in San Francisco, California, either in September or October, as the executive committee may decide. Committees have been appointed and preliminary plans are under way.

### Accounting Clinic

Federal and state taxation, costs and budgets, inventories, municipal accounting, and the natural business year will be among the subjects to be discussed at an Accounting Clinic to be held at the Nittany Lion Inn at State College, Pa., November 18th and 19th, by the Harrisburg Chapter of the Pennsylvania Institute of Accountants, with the cooperation of the American Institute of Accountants.

Twenty certified public accountants, educators in the field of accounting and representatives of the federal government and the commonwealth of Pennsylvania, as well as of the Pennsylvania State College, will take part in the program as speakers and discussion leaders. More than three hundred young accountants, representing corporations and public accounting firms in the state of Pennsylvania, are expected to attend.

The first of its kind in the United States, the Accounting Clinic has as its primary purpose offering to young men in accountancy an opportunity to hear and take part in discussions of technical accounting problems. Registration for the sessions, however, is open to more experienced accountants and to all others interested. Students in accounting at the Pennsylvania State College and other institutions will attend the sessions.

Speakers and discussion leaders at the clinic will include J. Brooks Heckert, professor of accounting at Ohio

State University; I. H. Krekstein, deputy secretary of revenue of the commonwealth of Pennsylvania; Harry Ness, of York, president of the Pennsylvania Institute of Certified Public Accountants; Professor Charles J. Rowland, in charge of accounting courses at the Pennsylvania State College, and John L. Carey, secretary of the American Institute of Accountants.

Maurice E. Peloubet, of New York, will present a paper on inventories and William R. Donaldson, of New York, will speak on municipal accounting. Frank Wilbur Main, of Pittsburgh, will have "The Accountant of the Future—His Training and Opportunities" as his subject. Dr. C. W. Hasek, head of the division of economics of the Pennsylvania State College, and William R. Winn, of Williamsport, chairman of Harrisburg Chapter of the Pennsylvania Institute, will speak.

Others on the program will include C. Whitford McDowell, chairman of Philadelphia Chapter of the Pennsylvania Institute; Edwin S. Reno, of Pittsburgh; Paul W. Pinkerton, of Pittsburgh; Irving Yaverbaum, of the department of revenue of the Commonwealth of Pennsylvania; Charles E. Fernald, of Philadelphia; and Joseph A. Wilson, of the office of the collector of internal revenue in Philadelphia.

The clinic will open with a luncheon session on Friday, November 18th. Program events will include round-table sessions, a dinner on the night of November 18th, and a special luncheon meeting on the subject of the natural business year on Saturday, November 19th. A. O. Morse, assistant to the president in charge of resident instruction at the Pennsylvania State College, will be the chairman at the opening session. There will be a registration fee of one dollar. An abstract of the proceedings may be obtained for one dollar.

## **Tax Administration in New York**

Announcing what he termed an "experiment with an altogether new plan, unique in American tax practice," Joseph M. Cunningham, first deputy comptroller of the city of New York, stated on October 24th, at a meeting of the New York State Society of Certified Public Accountants, that the city government would in the future accept as factually correct tax returns audited by certified public accountants in whom the city has confidence. Mr. Cunningham stated that the same mutual reliance should exist between the professional accountant and the local government as commonly exists in England between the chartered accountant and the Inland Revenue Department.

Referring to the October issue of *The Journal of Accountancy*, in which the British system of tax administration was discussed editorially, and to his own experience as a representative of an American corporation with large interests in England, Mr. Cunningham spoke of the prompt and immediate advantage which will accrue to all taxpayers who now or in the future use the services of certified public accountants. He predicted also that the city would be relieved of the necessity of many detailed audits, and might devote itself to a prompt review and settlement of the returns of the smaller taxpayer whose business is not large enough to justify the engagement of a certified public accountant.

Mr. Cunningham said that acceptance of certified tax returns as correct factually does not mean that the taxing authorities will not raise questions of principle or that they will not ask for additional information. Those questions of principle, he said, could certainly be settled by negotiation.

## Stock Exchange Regulation

A new plan for further regulation of stock-exchange practices, including independent auditing of accounts of brokers and members of the exchange, was announced by the Securities and Exchange Commission on October 31st. The program of new rules for the New York Stock Exchange resulted from a series of round-table conferences between representatives of the commission and the exchange.

As summarized by the exchange, the rules to be promulgated will include the following:

### VI. FINANCIAL STATEMENTS

The committee on member firms will call for at least the following financial statements from all member firms:

(a) An answer to a "long-form" questionnaire at least once in each year. This "long-form" questionnaire will be in substantially the form heretofore used by member firms carrying margin accounts which calls for a detailed financial statement.

(b) An answer to a special "short-form" questionnaire at approximately quarterly intervals between the calls for answers to "long-form" questionnaires.

### VII. INDEPENDENT AUDITS

The committee on member firms will require all member firms doing any securities business with others than members or member firms to have an audit of their books, records and accounts made by independent public accountants at least once in each year. The scope of the audit is now the subject of a study being made by the Exchange in conjunction with committees representing the American Institute of Accountants and the New York State Society of Certified Public Accountants.

The committee on member firms will prescribe audit regulations when the scope of the audit has been decided upon.

## VIII. EXCHANGE AUDITING

The scope and frequency of the supervisory audits, examinations and inspections of member firms' offices by the exchange will be increased. The audits, examinations and inspections are being made at irregular intervals and without prior warning and include a test or spot check of safekeeping securities and segregated securities representing excess margin.

### Federal Tax Proposals

The memorandum on proposed changes in the federal revenue law, submitted by the American Institute of Accountants committee on federal taxation to the United States Treasury Department on September 1st, was officially approved by the council of the Institute at its meeting on September 26th. The council directed that copies of the memorandum be sent to all members of Congress and other government officials interested. This distribution has been made and additional copies have been sent to a number of other organizations and individuals throughout the country.

### Examinations

The regular fall examinations of the American Institute of Accountants will be held on November 17th and 18th. Coöperating state boards of accountancy will hold their sessions on the same days. Following is the schedule of examinations:

#### THURSDAY, NOVEMBER 17, 1938

9:00 A.M. to 12:30 P.M. Auditing.

1:30 P.M. Accounting theory and practice. Part I.

#### FRIDAY, NOVEMBER 18, 1938

9:00 A.M. to 12:30 P.M. Commercial law.

1:30 P.M. Accounting theory and practice. Part II.

### **John Finley Clough**

John Finley Clough, of Philadelphia, Pa., died October 5th. Mr. Clough was formerly a member of the staff of Wilson, Linvill & Parry, but for several years prior to his death he had been practising under his own name. He was a certified public accountant of Pennsylvania, and had been a member of the American Institute of Accountants since 1930.

### **Frederick H. Cole**

Frederick H. Cole, of Petersburg, Va., died September 8th at the age of 58. Mr. Cole had been a certified public accountant of Virginia since 1931, and was a member of the Virginia Society of Public Accountants. He had been a member of the American Institute of Accountants since 1933. At the time of his death, Mr. Cole was practising under his own name.

### **John D. Farnan**

John D. Farnan, of Rockville Center, Long Island, a partner of Peat, Marwick, Mitchell & Co., New York, N. Y., died September 16th as the result of an automobile accident in Glen Cove, Long Island. He was 38 years old. Mr. Farnan joined the firm of Peat, Marwick, Mitchell & Co. in 1926, and in 1934 became a partner. He was a native of Brooklyn, N. Y., and received his education at Boston University and New York University. He was a certified public accountant of New York.

A member of the American Institute of Accountants since 1935, Mr. Farnan was also a member of the New York State Society of Certified Public Accountants and of the Bankers Club of America. He was chairman of the finance committee of the Rockville

Country Club and a lieutenant commander of the United States Naval Reserves.

### **Jefferson Humphrey Millsaps**

Jefferson H. Millsaps, of Chicago, Ill., was drowned on August 2nd. Mr. Millsaps was born in Sherman, Texas, in 1877. He held the degrees of A.B., B.S., LL.B., and J.D. He was a civil-service examiner during the years 1903-1907, an instructor in evening schools 1907 to 1919, and at one time lecturer at the Chicago College of Finance. For a number of years prior to his death Mr. Millsaps had been assistant educational director for the International Accountants Society, Inc. He held a C.P.A. certificate of the state of North Carolina. He had been a member of the American Institute of Accountants since 1922.

### **Moses P. Morris**

Moses P. Morris, of Huntington, W. Va., died February 28th, the Institute has just been informed. Mr. Morris was born in Belville, W. Va., in 1867. In 1917 he received the C.P.A. certificate of West Virginia. During 1917-1918 he served as special investigator for the Federal Trade Commission. From 1920 to 1936, when he retired, Mr. Morris served as internal revenue agent in income-tax service, with headquarters at Huntington, W. Va. He had been an associate member of the American Institute of Accountants since 1924.

### **William T. Newman**

William T. Newman, of Topeka, Kan., died on August 13th. Mr. Newman was a senior partner in the firm of W. T. Newman and Company. He received his C.P.A. certificate from the state of Kansas and was a member

of the Kansas Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1924. Mr. Newman was active in local civic organizations, and had been appointed a member of the National Board of Arbitration.

### **Gabriel Sanger**

Gabriel Sanger, of Boston, died September 28th. He was born in Boston

in 1873, and was educated in the public schools of that city. Before entering the accounting field he was in the cap-manufacturing business. Mr. Sanger held the C.P.A. certificate of the state of Massachusetts. He had been a member of the American Institute of Accountants and its predecessor organizations since 1906. At the time of his death he was practising under his own name.

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### **Harrisburg Chapter**

Office procedure and professional ethics were the principal topics of discussion at the regular monthly meeting of the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants held at the Lycoming hotel in Williamsport on Tuesday evening, October 25th. The principal speaker was Hubert F. Ravenscroft, of Philadelphia.

A brief talk was given by Benjamin L. Lathrop, of York, who is chairman of the committee on natural business year of the Harrisburg chapter. Mr. Lathrop presented a brief outline of the campaign being carried on by his committee and asked the support of all members of the chapter.

Frank A. Gale, assistant secretary of the American Institute of Accountants, also spoke briefly. He outlined the plan under which the American Institute is coöperating in arranging for an "accounting clinic" to be held November 18th and 19th by the Harrisburg chapter at State College, Pennsylvania.

The presiding officer at the meeting was William R. Winn, of Williamsport, chairman of the chapter. More than thirty members and their guests attended the meeting. Among the guests was Harry Ness, of York, president of the Pennsylvania Institute.

### **Correspondence**

#### *Accountancy Law Service*

*Editor,* THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: The new accountancy law service which we are privileged to publish in coöperation with the Institute has now been in the hands of the profession for about a month. In this time we have received several interesting and helpful comments from some of the charter subscribers to the service.

This makes us wonder whether you may not also have received from members of the Institute subscribing to the service other suggestions, or even criticisms, which would be helpful not only in maintaining the service at its present standard, but also in making improvements and additions which would render it even more practical and useful in the future. For we like to regard our task of editing the service as an unfinished one, one which can always be bettered.

For this reason we should really appreciate your passing along to us any ideas, comments, suggestions, or criticisms which have already come to you concerning the new service. Perhaps you might even ask your readers, on our behalf, for their recommendations for its improvement.

Yours truly,

COMMERCE CLEARING HOUSE, INC.

### International Congress

The Fifth International Congress on Accounting was held at Berlin, September 19th to 23rd, 1938, with an attendance of approximately 2,000. The American Institute of Accountants was officially represented by a delegation headed by John F. Forbes, of San Francisco, California, past president of the Institute. Other members of the delegation were:

Max Frederich, of New York, N. Y.  
 O. A. Grundmann, of New York, N. Y.  
 Edward A. Kracke, of New York, N. Y.  
 Arthur M. Lovibond, of London, England

The first general session opened at 11:30 A.M. on Monday, September 19th, in the Kroll Opera House, with an address of welcome by Dr. O. Monckmeier, president of the Congress, and chairman of the Institut der Wirtschaftsprüfer. Other speakers at this session were Reich Minister Dr. Hans Frank and C. J. G. Palmour, F.C.A., president of the Institute of Chartered Accountants in England and Wales. After a luncheon interval as guests of Dr. Frank, the Congress reassembled to listen to an address of welcome to the foreign delegates by Dr. Wilhelm Voss, deputy president of the Congress. Cav. di Gr. Cv. Gianni Baccarini, of Italy, responded to the address of welcome.

Over 1,000 delegates attended the opening session, with the chairman of the various delegations seated facing the audience. At each desk there was an earphone, and as the speeches were being delivered, simultaneous translations into English, French, Italian, and German were read over the phone system, so that nearly all members heard each speech in some language with which they were familiar.

The business sessions of the Congress

began on Tuesday morning at 9:30. The first topic of discussion was "Company Law." Dr. J. Semler, of Germany, presented the principal address and representatives of ten countries presented "national papers."

After an interval, the second topic, "Business Planning," was considered. The principal speaker was Professor L. Dumonvillier, of France, and seven national papers were presented.

After luncheon the topic of discussion was "Audit of Annual Accounts." The principal speaker was Dr. Kurt Schmaltz, of Germany, and there were ten national papers. On Wednesday, September 21st, at the morning session, Professor Henrik Schybergson, of the Swedish School of Economics, Helsingfors, Finland, presented a lecture on the subject, "German and American Theories on Accountancy." This was followed by a lecture by Dr. Andreas Schranz, of Hungary, on "International Comparison of Research into, and Study of, Business Coöperation."

The next topic of discussion was "Matters Affecting the Accountancy Profession." The principal speaker was G. P. H. Hogeweg, of The Netherlands, and there were twelve national papers.

In the early afternoon those attending the Congress were received informally by the Chief Burgomaster and President of the City of Berlin.

Later the Congress met again for consideration of the subject, "Auditing of Combines." C. J. G. Palmour, of England, was the principal speaker. Among the seven national papers on this subject was that of Edward A. Kracke, of New York, a member of the delegation of the American Institute of Accountants.

There were no sessions on Thursday, September 22nd, that day being left free for entertainment and educational

activities according to the inclination of the delegates.

On Friday, the subject, "Auditing by and for Tax Authorities," was the first topic of discussion. The principal speaker was A. Stuart Allen, of Great Britain, and there were eight national papers.

The next topic was "Other Auditing and Advisory Work," with Comm. F. Soletti, of Italy, as the principal speaker. Eight national papers were presented.

"Methods of Computing Cost, and Control of Prices by Public Authorities," was the last subject of discussion, and John F. Forbes, chairman of the American Institute delegation presented the principal paper. Mr. Forbes was also the author of one of the seven national papers presented.

The closing ceremony was held at 4:30 p.m. with addresses by Dr. Monckmeier, Dr. Frank, and Cecil T. Lund, of Norway.

As part of the plan of organization, a meeting was held every morning at 8:45 and the program for the discussions was laid out. All who desired to discuss any of the papers were asked to be present, and each session was programmed so that the time limits of each speaker could be fixed. At these meetings, also, there were appointed the presiding officers (usually a president and two vice-presidents) for the various sessions.

The entertainment of the delegates was carried out in most elaborate style. There was a luncheon every day of the Congress under the auspices of various dignitaries, the outstanding one being given by the Burgomaster of Berlin in the banquet room of the City Hall. Dinners and entertainments were given every evening, often in palaces formerly occupied by the royal families.

Particular attention was given to the ladies, and everything was done to make their visit a delightful one.

During the Congress, it was decided to accept the invitation of Italy to hold the next Congress in Rome, and while the date was not definitely fixed, 1942 was suggested tentatively.

It was decided also to accept the offer of the Institut der Wirtschaftsprufer to defray for one year the expenses of a bureau for the dissemination of accounting information among various accounting organizations in the world. This bureau is in the nature of an experiment for the purpose of determining its desirability as a permanent institution.

### **State Board Appointments**

R. P. Briggs, Ann Arbor, Mich., has been appointed a member of the Michigan State Board of Accountancy as of October 1, 1938, to complete the unexpired term of D. W. Springer, who has resigned after 25 years of service. Lee McGinley has been reappointed for another four-year term.

John I. Foster, of Chattanooga, and Roscoe C. Clark, of Memphis, Tenn., have been appointed members of the Tennessee State Board of Accountancy.

### **New York Society Publication**

*The New York Certified Public Accountant* appeared in October for the first time as a combination of the news bulletin and the quarterly formerly published by the society. The magazine henceforth will be published monthly from October to June each year.

Combining the quarterly, with its signed articles, and the bulletin, which has included news of interest to members, the new magazine will afford a complete, current record of the activities and accomplishments of the society.



## Meetings and Elections

### California State Society of C.P.A.'s

Los Angeles Chapter

*Date:* October 10, 1938.

*Speaker:* Frank M. Keesling, tax counsel for franchise tax commission, on state income tax.

### Georgia Society of C.P.A.'s

Augusta Chapter

*Elections:*

Chairman—Walter H. Lynch, Jr.

Vice-chairman—H. W. Neill.

Secretary—R. B. Pamplin.

Treasurer—W. A. Herman, Jr.

### Iowa Society of C.P.A.'s

*Date:* October 7 and 8, 1938. Annual meeting.

*Place:* Des Moines.

*Elections:* President—I. B. McGladrey, of Cedar Rapids.

Vice-president—Sidney L. Taylor, of Sioux City.

Secretary—P. L. Billings, of Des Moines.

Treasurer—E. A. Bertholf, of Des Moines.

### Montana Society of C.P.A.'s

*Date:* October 21 and 22, 1938. Annual meeting.

*Place:* Billings.

*Elections:* President—James M. Stotesbury, of Bozeman.

Vice-president—A. J. Rowland, of Miles City.

Secretary—R. L. Watkins, of Helena.

*Speakers:* United States Senator James E. Murray, on the wages and hours act.

Hon. Charlie T. Trott, Mayor of Billings, address of welcome.

John P. O'Donnell, director, unemployment compensation division of the Montana Unemployment Compensation Commission, on "Reports and Form for Unemployment Compensation Commission—What and Why?"

R. L. Watkins, Montana corporation license tax auditor, on the Montana corporation license tax.

Hon. James E. Murray, United States Senator, on the wages and hours act.

Dean Robert C. Line, University of Montana, on accounting as a profession.

L. C. Burns, supervisor, Montana State Income Tax Department, on "Immunity Rule and the Sixteenth Amendment."

John L. Greene, assistant internal revenue agent in charge, Salt Lake City, on the capital-gain-and-loss provisions of the 1938 act.

Lewis Penwell, collector of internal revenue, on the administration of income tax collections.

Clem W. Collins, president, American Institute of Accountants.

### Ohio Society of C.P.A.'s

Cleveland Chapter

*Date:* October 4, 1938.

*Elections:* President—C. Herbert Cox.

Vice-president—Willis E. Lewis.

Secretary-Treasurer—E. P. Ellenberger.

### Oregon State Society of C.P.A.'s

*Date:* October 12, 1938.

*Place:* Portland.

*Speakers:* C. C. Chapman, editor, *Oregon Voter*, on important tax matters on the November ballot.

A. M. Cannon, on the capital gains and losses under the revenue act of 1938.

**Tennessee Society of C.P.A.'s**

*Date:* August 26 and 27, 1938. Annual meeting.

*Place:* Memphis.

*Elections:* President—John T. Menefee, of Chattanooga.

Vice-president—Carl B. Welborn, of Memphis.

Secretary—Everett D. Pitsinger, of Nashville.

Treasurer—W. H. Read, of Knoxville.

**Washington Society of C.P.A.'s**

*Date:* October 17, 1938. Joint meeting with Seattle Association of Credit Men.

*Speakers:* John A. Yeasting, on "Some Significant Ratios from behind the Scenes."

Rev. Dr. James Brett Kenna, of University M. E. Temple, on "The European Scene of 1938."

**Wisconsin Society of C.P.A.'s**

*Date:* October 28, 1938. Annual meeting.

*Place:* Madison.

*Speakers:* Prof. Martin Glaeser, University of Wisconsin, on the accounting problems of the T.V.A.

William F. Ashe, director of state department of commerce, on the Wisconsin Department of Commerce.

Prof. H. T. Scovill, University of Illinois, on the junior accountant.

Joel S. Hendrickson, supervisor, income tax division, Wisconsin Tax Commission, on "Frequent Errors in State Corporation Tax Returns."

Reginald I. Kenney, Milwaukee attorney, on the 1938 bankruptcy act.

**Milwaukee Chapter**

*Date:* October 20, 1938.

*Speaker:* Daniel Murray, on the taxability of municipal board interest.

## Announcements

M. H. Barnes & Company announce the removal of their Savannah, Ga., offices to the fifth floor at 15 Drayton St.

Thomas J. Brown and Albert E. Holdridge announce the formation of a partnership under the firm name of Thomas J. Brown & Company, to continue the practice formerly carried on under the name of Thomas J. Brown, with offices at 82 Devonshire St., Boston, Mass.

Wm. Gordon Buchanan & Company, of Washington, D. C., announce the removal of their offices to the sixth floor of the Metropolitan Bank Bldg.

Floyd W. Bush announces the removal of his offices to suite 404-408, Peoples Life Insurance Bldg., 1343 H St., Northwest, Washington, D. C.

A. M. Calmenson and Ted Abramson announce the formation of a partnership under the firm name of A. M. Calmenson & Company, with offices in the Pioneer Bldg., St. Paul, Minn.

H. A. Carter Co. announce the removal of their offices to suite 505, Thomas Bldg., Dallas, Texas.

The Clyde A. Epperson Audit Company announces that F. Scott Kitson has been admitted to partnership and the new firm's name is now Epperson, Kitson, Kendall & Vroom, with offices in the Ingraham Bldg., Miami, Fla.

Eppler & Company, of New York, N. Y., announce the admission to partnership of Henry P. Vollkommer.

Ernst & Ernst announce the admission of two new partners. A. N. Patton has been appointed resident partner in Atlanta, Ga., and A. L. Nagel has been appointed resident partner in Toledo, Ohio.

Donald E. Gill announces the opening of offices for practice under his own name, at 413 First Central Bldg., Madison, Wis.

Alexander Grant & Company announce the removal of their Chicago offices to suite 2626, 1 North LaSalle St.

The Harmon Audit Company announce the removal of their Phoenix, Ariz., offices to 316 Security Bldg.

Floyd L. Hoffman announces the opening of offices in the Circle Tower, Indianapolis, Ind.

Selig H. Hornstein & Co. announce a change of firm name to Margold, Erskan & Wang, with offices at 19 West 44th St., New York, N. Y.

L. H. Keightley announces the removal of his offices to suite 610, Davidson Bldg., Sioux City, Iowa.

J. Edward MacDermott & Company, of New York, N. Y., announce that Harold Benjamin and Joseph S. Haas have been admitted to partnership in the firm.

Frederick S. Parsons announces the removal of his office to 267 Fifth Ave., New York, N. Y.

Joseph Lybrand Pyle announces the opening of an office at 311 Industrial Trust Bldg., Wilmington, Del.

Francis S. Sowersby and Francis E. Sowersby announce the formation of a partnership under the firm name of Sowersby and Sowersby, with offices in the First National Bank Bldg., New Castle, Pa.

The firm of Turner, Crook and Zebly announces the appointment of Raymond C. Brown as resident manager of its New York office.



# THE CERTIFIED PUBLIC ACCOUNTANT

*A Bulletin of the American Institute of Accountants*

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DECEMBER 1938

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The Year's Work

Amendment of By-laws

The First Accounting Clinic

Natural Business Year

Regional Meetings

Meetings and Elections

Announcements

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15¢ a Copy

*Published Monthly*

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*Officers 1938-1939*

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# THE CERTIFIED PUBLIC ACCOUNTANT

*Bulletin of the American Institute of Accountants*

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## The Year's Work

MEMBERS of the American Institute of Accountants this month have an unusual opportunity to review the progress of the Institute during the past year, as compared with earlier years, and measure its influence in business and professional circles. Each member and associate received, in the form of a booklet entitled *The Year's Work*, the report which the secretary rendered to council at the 1938 annual meeting, supplemented by a graphic summary of activities during the fiscal year just ended.

The scope of the Institute's activities has so increased that the usual form of secretary's report no longer is able to convey a true impression of the year's work, and it is feared that many members do not understand in how many different ways the organization is daily serving the profession. It was for this reason that, as a supplement to the 1937 report of the secretary, the year's activities were summarized in brief outline with comparisons of objectives and accomplishments. Even that treatment, however, fell somewhat short of the desired result and this year further innovations were made in *The Year's Work*. Activities are summarized concisely and yet fully, and the text is illustrated with many photographs and charts. The result is a booklet which should not only give the member a much clearer conception of the purposes and accomplishments of his organization, but should do much to enhance the prestige of the Institute in the eyes of businessmen and members of other professions.

If a sufficient number wish additional copies of *The Year's Work* a reprint will be issued. Requests should be sent to the offices of the Institute promptly.

# The Work of the C.P.A.

AN INTERVIEW WITH WILLIAM WARE

*Broadcast over Station KEHE*

Reprinted from *The California Certified Public Accountant*, August, 1938.

**A**NNOUNCER: In these days of uncertainty and conflict of political and social thought, there is no more pressing problem facing our nation than that of finding a place for youth in the changing economic structure.

What occupations are open to the hundreds of thousands of young men and women who every six months are graduated from the high schools and colleges of the land?

What is to be done to revitalize industry so that it can absorb this ever-increasing army of young and eager minds? And on the other hand, what must youth do to train itself to meet present-day conditions and requirements in industry?

These are just a few of the questions to be discussed during the ensuing period as Mr. William Ware, director of the Los Angeles Chapter of the California State Society of Certified Public Accountants, is interviewed in the KEHE studio by Mr. W. B. Ross.

Having access to both the records of business and government, the comments of the certified public accountant on our economic outlook as it affects youth, business, and the general public, are of interest. The first voice you will hear will be that of Mr. Ross.

*Mr. Ross:* Thank you, Mr. Announcer. And now, Mr. Ware, since I am talking to a man who has more information on the business situation than the average person, I know that a good many of our listeners are expecting me to ask you whether the stock market is going up or down, and whether prosperity is straight ahead or around another of those mythical corners.

*Mr. Ware:* Well, Mr. Ross, it would do you little good to ask me such a question, because I know only that the stock market is usually unpredictable. But as to business I can say that reports available to certified public accountants indicate that summer business has been better than anticipated and that we can look forward to brisk business conditions this fall and winter.

*Mr. Ross:* That, Mr. Ware, is an encouraging note on which to open this broadcast. But now, since several hundred young men in the southland will soon be entering colleges and are confronted with the task of selecting some profession for which to train, how can these young people choose a career that promises reasonable opportunity for success?

*Mr. Ware:* Well, Mr. Ross, you have started off with a poser, but I shall try to contribute something toward the answer. When our nation was



young, the general answer was, in the words of Horace Greeley, "Go west, young man." The new lands were then rich and expansive, and provided limitless opportunities for those who had the courage to dare the unknown. But today all our natural frontiers have vanished and we are called upon to explore new fields. There are, in my opinion, two such fields open.

*Mr. Ross:* And what are they, Mr. Ware?

*Mr. Ware:* I had in mind the scientific frontier and the economic frontier.

*Mr. Ross:* You mean that like our physical frontier of bygone days, the scientific and economic frontiers today offer an abundance of opportunity to youth?

*Mr. Ware:* Exactly. I naturally do not feel qualified to discuss the scientific frontier and its opportunities. But if we never realized it before, the events of the past few years should have brought home to us the importance of the interplay of economic forces in our daily lives. We must realize that this old world rotates on a golden axis and that opportunity lies on the outskirts of the economic frontier. For this reason a career as a certified public accountant is one for which qualified young men and women could well strive.

#### ECONOMIC ADVISERS

*Mr. Ross:* But here, Mr. Ware, since we were talking about economics, I expected you to advise young men to investigate the possibilities of becoming economists. Just what does the certified public accountant have to do with economics?

*Mr. Ware:* Everything. Today in the front ranks of business and government, exploring the economic frontier, you will find certified public accountants. They are the men who help industry to conform to governmental regulations. And on the other side, they are the men who check on industry or the government. They are the authorities on taxes, on social-security legislation, on wage and hour bills, on methods of accounting, on ways and means of reducing costs and upholding a high standard of wages. Wherever you find government and business, capital and labor, producers and consumers, there you will find the certified public accountant.

*Mr. Ross:* It is easy to see that the C.P.A. really has his work cut out for him. But tell me, Mr. Ware, is this a relatively new profession? Most of the functions you have mentioned came into being in the past eight or ten years.

*Mr. Ware:* The profession is by no means new. We can go back into history and find that the work of the accountant was defined as early as the decade in which Columbus discovered America. Back in the 1490's somebody wrote that the profession of accountancy was "intended to

give the trader, without delay, information as to his assets and liabilities.”

*Mr. Ross:* And it follows, then, that the profession of accountancy has gradually evolved from those early beginnings.

*Mr. Ware:* Yes, it does. I suppose you could say that in the first stage of its evolution, accounting was merely a method of recording—an assembling of financial facts. The next step was constructive accountancy.

*Mr. Ross:* And what is that?

*Mr. Ware:* Now don't let that professional term worry you. What I mean is that the accountant was next called upon to devise more efficient means of assembling and presenting business and governmental facts. And now we have come to the most interesting and most recent development in the work of accountants. That is analytic accountancy, a determination of future business or governmental policy based upon a scientific analysis of past financial experience. By studying financial records of the past, the accountant can plot the course of the future.

*Mr. Ross:* Well now, what are some specific examples of the work of the certified public accountant?

*Mr. Ware:* Well, to begin with, you will recall that after the big stock-market crash in the fall of 1929, the cry went up that investors were misled into buying worthless stocks and bonds.

*Mr. Ross:* Yes, I recall that, all right.

*Mr. Ware:* At that time the Federal Government looked about for a remedy, and finally set up the Securities and Exchange Commission. It was the function of this body to regulate and control public offerings of securities in order to protect interstate commerce, the national credit, the federal taxing power, to make more effective the national banking and Federal Reserve Systems, and to insure the maintenance of fair and honest markets in such transactions.

#### COUNSELLORS FOR EXECUTIVES

To register security offerings with the SEC, independent public accountants must issue certified statements covering organization, financial structure, nature of business, terms, positions, rights, and privileges of the different classes of securities outstanding, balance-sheets, profit-and-loss statements of the corporation for a term of years, and much other information.

*Mr. Ross:* Now that we have seen the value of the accountant in protecting the investor, just what is his value to business?

*Mr. Ware:* Well, he sees that the business complies with governmental rules and regulations. Also, he prepares plans for organization, reorganization, and merging of businesses and corporations. In recent years he has often been called upon by executives for advice relative to the conduct of the business. Frequently, of course, the C.P.A. investigates and makes recommendations on investments.

*Mr. Ross:* In these days it does take an expert to discover the best types of investments. And now, I know there are other duties of a C.P.A. . . . such as uncovering frauds, for instance.

*Mr. Ware:* Yes, the accountant searches for discrepancies, intentional and otherwise. And as almost everyone knows, he prepares income and other tax returns and frequently represents his clients in hearings before the taxing authorities. I could sum it up by saying that the accountant today has one of the most responsible and trusted positions in the business world. His is a profession that ranks with marketing and production as a factor in the success or failure of any business.

*Mr. Ross:* Well now, Mr. Ware, I guess there is something of the amateur detective in all of us. I am interested in the work of the accountants in detecting frauds and embezzlements.

*Mr. Ware:* Well, the certified public accountant does uncover many frauds, some so ingenious that you wonder that such a clever brain should be turned to dishonest schemes. However, let me stress that the C.P.A. does something more than detect embezzlements and uncover evidence to send men to penitentiaries.

*Mr. Ross:* What do you mean by that, Mr. Ware?

*Mr. Ware:* I mean that the C.P.A. prevents frauds from ever taking place.

*Mr. Ross:* The C.P.A. is a factor in crime prevention, then. How is this accomplished?

*Mr. Ware:* Well, almost any investigation will show that embezzlers usually steal when they are up against a personal financial problem, and temptation is thrown in their way. Most embezzlers had good records before the temptation became too great. The certified public accountant protects both the employer and the employee by removing that temptation.

*Mr. Ross:* Well now, just how can the accountant remove temptation? As long as the cashier or employee handles money, there is temptation, is there not?

*Mr. Ware:* Yes, I suppose you could say that there is temptation to steal the money and leave town. But most embezzlers did not "steal" . . . to use their own words they "borrowed" and resented the charge that they stole. Most of them expected to pay back what they took, but became too deeply involved. If the employer has taken the precaution to set up a fool-proof accounting system, the employee could not "borrow" without being detected. My point is that the average employee who has turned embezzler was once a reliable, honest, individual, who would have remained so if it had not been so easy to embezzle. Of course, on the other hand, there is a certain very small percentage of people in all lines of work who will steal, regardless.

## QUALIFICATIONS NEEDED

*Mr. Ross:* Well, that certainly is an interesting angle. It is no wonder that you consider accountancy such an interesting, and sometimes exciting profession. It can clearly be seen that the young man or woman preparing for an accountant's career must be well trained if he or she is to enter a profession that touches government, business, capital, labor, and so many other facets of American affairs.

*Mr. Ware:* Exactly. Intensive training and practicality are the watchwords of the accounting profession. There is no place for the groping theory and blind blundering so aptly satirized by Jonathan Swift in his *Gulliver's Travels*. Ours is a practical profession.

*Mr. Ross:* Well, just what training is necessary, and who determines who is an accountant, and who is a *certified public* accountant?

*Mr. Ware:* The requirements range from a high school education and certain minimum practical experience in some states to the highest educational requirements in others. In California and most other states the examinations are given by the state board of accountancy. In California the legal right to practise as a certified public accountant is restricted to those who have passed their examinations and received their certificates. In fact, so highly regarded is the position of *certified public* accountant that the United States Board of Tax Appeals permits only attorneys and C.P.A.'s to practise before it.

*Mr. Ross:* Well, Mr. Ware, since you are recommending this fast growing profession for the consideration of youth, what personal qualifications would you say a young man should have to become a successful C.P.A.?

## CONSTRUCTIVE MIND

*Mr. Ware:* Not everyone is the type for the accounting profession. It requires one who has a constructive and an analytical mind. One must be accurate, orderly, and systematic. Tact and patience must be developed. And above all, the certified public accountant prospect must develop self-control. As a C.P.A. he must remain silent in the face of sensational findings, and reveal them only to his principal. And as to the educational aspect, one should like mathematics and have a good understanding of economics and business management. All of these things, plus a wide, cultural background, a professional attitude, and imagination are necessary mental equipment.

*Mr. Ross:* Well, the standards certainly are high. Now I don't want to seem mercenary, but I know that these young people considering this profession would like to know what rewards are available to a person who devotes a lifetime to such a position of trust and responsibility.

*Mr. Ware:* The rewards are many, but let's classify them into two groups. Financial rewards and intellectual rewards.

*Mr. Ross:* You will pardon me if I ask about the financial rewards first?

*Mr. Ware:* Oh, certainly. Incomes in the accounting profession compare most favorably with those of other professions. And there are so many opportunities for advancement. An outstanding young man can become a partner in a successful firm of C.P.A.'s, or found his own firm. He can become a skilful and well-paid senior staff accountant or a supervisor or manager with a successful firm. He can become an executive in a client's organization through good work, trustworthiness, and knowledge of the client's affairs. Or the accountant may be called to public office and thus serve both business and the public.

*Mr. Ross:* You mean that the all-round training of the certified public accountant would especially fit him for the duties of a public official?

*Mr. Ware:* In many instances, yes. In fact, some public offices definitely require the skilled services of the C.P.A. In this connection it might be noted that there has been considerable agitation for the appointment of a certified public accountant to the position of United States controller general. The work of the controller general is primarily of an accounting nature.

#### THE CONTROLLER GENERAL

*Mr. Ross:* The idea of having a certified public accountant as controller general seems well founded. But now, Mr. Ware, we are discussing rewards—and you have mentioned something about intellectual rewards in addition to the financial. What did you mean by that?

*Mr. Ware:* The work is interesting and often exciting. The C.P.A. collaborates with business leaders and important men who are doing things—making plans and carrying them through. The very nature of the accountant's job demands that he be "behind the scenes" and "in the know." I can imagine no greater thrill than that of watching an idea take form and then develop into realization. The accountant lives in a world of momentous decisions, and helps make them. He knows that his work is vital and necessary, and that upon his efforts depend the well-being of business which other men have worked hard to build.

*Mr. Ross:* Well now, Mr. Ware, we have traced the work of the certified public accountant from the decade of Columbus to the present time. And from here on we can look into the future. Just what do you think will be the accountant's rôle in years to come?

*Mr. Ware:* Judging from recent developments, the C.P.A.'s are becoming more and more the impartial arbiters between business and government. The C.P.A. is in the position to reassure the government as to the intentions of business, and give the government reliable information concerning business. Likewise he is in the position to reassure business as

to the intentions of government, and to help business to conform to government regulations.

*Mr. Ross:* The accountant, then, is in an unusual position.

*Mr. Ware:* Yes, and it goes even further than that. The accountant has a definite social responsibility to protect the public and keep it informed. Modern problems of government and business demand that the fogs and vapors be dispelled, and that our economic life be analyzed to reveal the clear, cold, irrefutable facts. It's the only way we can work toward a solution of our problems.

*Mr. Ross:* I suppose you would say, then, that just as the legal ills require the services of the lawyer, the physical ills the ministrations of a physician, so economic ills demand the skilled attention of the certified public accountant?

*Mr. Ware:* Exactly. And that is why there is such a great future in the accounting profession for the youth of today. But whereas the operations of the doctor and lawyer are of necessity limited to certain spheres, the accountant extends his services to all mankind; for what is more all-pervading in our daily lives than the forces which determine how well we shall live? Public accountancy is a profession of opportunities, opportunities for youth, opportunities for government and business, opportunities for the public affected by the welfare of government and business.

*Mr. Ross:* Mr. Ware, I am sure you have given our listeners, both young and old, a new concept of the duties and functions of the certified public accountant. To the young men and women, you have pointed the way to an interesting and profitable profession. To others, you have shown the important part the C.P.A. plays in our complicated business and government structures. I know I speak for our listeners in thanking you for this clear insight into a little known phase of public life.

# American Institute of Accountants

## Amendment of By-laws

With the November issue of THE CERTIFIED PUBLIC ACCOUNTANT members of the Institute received, for a vote by mail, a proposed amendment to the by-laws recommended by the committee on by-laws and approved unanimously at the annual meeting of the Institute at Cincinnati on September 27th. In order that the amendment may be adopted, the favorable votes of a majority of all members entitled to vote must be received at the office of the Institute by January 14, 1939. Those who have not as yet returned their ballots are urged to do so without delay.

## Lecture and Study Group

The current series of meetings of the New York lecture and study group of American Institute of Accountants members began with a meeting in the library of the Institute on November 28th. Attendance at the meeting was 125, and 50 attended the dinner which preceded.

The subject of discussion was "Federal Taxation." Charles A. Roberts, attorney, and W. L. Ashbaugh, a member, led the discussion. Harold J. Bearsto presided.

The second meeting will be held on December 19th at the Town Hall Club. As usual, it will be preceded by dinner. Discussion will be on the subject, "Auditing of Cash and Securities," and will be led by C. C. Maher, of the American Surety Company.

## The First Accounting Clinic

More than 150 accountants attended the first Accounting Clinic held at State College, Pa., November 18th and 19th, under the auspices of the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants and the American Institute of Accountants.

The committee on arrangements succeeded in its effort to draft a program which would attract younger members of the profession. A large proportion of those present were members of staffs of accounting firms, and the average age was noticeably lower than that of the usual state society meeting. The program included both round-table discussions and prepared addresses. The tone of the meeting was distinctly educational, and the selection of Pennsylvania State College as the meeting place emphasized the purposes of the clinic.

William R. Winn, president of the Harrisburg Chapter, acknowledged the assistance rendered by the national organization in planning the conference and obtaining speakers and publicity. John L. Carey, secretary of the American Institute, was introduced and in a brief response urged the Pennsylvania Institute to organize more frequent meetings designed to inform younger members of the profession, particularly staff men, of the problems confronting the profession, and the efforts being made by the professional societies and leading practitioners to solve them.

Frank A. Gale, assistant secretary of the Institute, attended the entire meeting, and cooperated with the local committee in all arrangements.

Federal and state taxation, costs and budgets, inventories, municipal accounting, and the natural business year were among the subjects discussed.

Certified public accountants, educators in the field of accounting and representatives of the federal government and the commonwealth of Pennsylvania, as well as of the Pennsylvania State College, took part in the program as speakers and discussion leaders.

Speakers and discussion leaders at the clinic included J. Brooks Heckert, professor of accounting at Ohio State University; I. H. Krekstein, deputy secretary of revenue of the commonwealth of Pennsylvania; Harry Ness, of York, president of the Pennsylvania Institute of Certified Public Accountants; Professor Charles J. Rowland, in charge of accounting courses at the Pennsylvania State College, and John L. Carey, secretary of the American Institute of Accountants.

Maurice E. Peloubet, of New York, presented a paper on inventories and William R. Donaldson, of New York, spoke on municipal accounting. Frank Wilbur Main, of Pittsburgh, spoke on "The Accountant of the Future—His Training and Opportunities." Dr. C. W. Hasek, head of the division of economics of the Pennsylvania State College, and William R. Winn, of Williamsport, chairman of Harrisburg Chapter of the Pennsylvania Institute, also spoke.

Others on the program were: C. Whitford McDowell, chairman of Philadelphia Chapter of the Pennsylvania Institute; Edwin S. Reno, of Pittsburgh; Paul W. Pinkerton, of Pittsburgh; Irving Yaverbaum, of the department of revenue of the Common-

wealth of Pennsylvania; Charles E. Fernald, of Philadelphia; and Joseph A. Wilson, of the office of the collector of internal revenue in Philadelphia.

The clinic opened with a luncheon session on Friday, November 18th. Program events included round-table sessions, a dinner on the night of November 18th, and a special luncheon meeting on the subject of the natural business year on Saturday, November 19th. A. O. Morse, assistant to the president in charge of resident instruction at the Pennsylvania State College, was chairman at the opening session.

### **Utilities Accounting Conference**

At the joint National Accounting Conference of the Edison Electric Institute and the American Gas Association, which will be held at Palmer House, Chicago, December 12th to 14th, Einar C. Christensen, of Pittsburgh, will attend as a representative of the American Institute of Accountants and present a paper on the subject, "The Auditor's Viewpoint of Public Utility Accounting."

The conference will be confined to matters relating to the broader aspects of accounting in the gas and electric industries, and will afford an opportunity for informal discussion of accounting problems common to the utilities industry.

Generally, three outstanding themes will dominate the discussions:

1. Economies in accounting processes.
2. Plant accounting and depreciation problems.
3. Accounting education, ethics and training.

Questions of taxation accounting will also be given prominence, as well as the use of budgets.

Mr. Christensen will speak on the morning of Wednesday, December 14th.



### Special Committee on Allocation of Income

The president of the American Institute of Accountants has appointed a committee, to be known as the special committee on allocation of income, to coöperate with the corresponding committee of the National Tax Association, of which Leo Mattersdorf, of New York, also a member of the Institute, is chairman. Following is the personnel of the Institute committee:

Norman G. Chambers, *chairman*, New York  
William L. Ashbaugh, New York  
I. H. Krekstein, Pennsylvania  
Sidney W. Peloubet, New York  
Edwin E. Wakefield, Massachusetts

### Advisory Council of State Society Presidents

Edward B. Wilcox, chairman of the Advisory Council of State Society Presidents, and Roland B. Keays, secretary of the Advisory Council, met at Chicago, December 5th, with the secretary and assistant secretary of the American Institute of Accountants, to outline plans for the Advisory Council in the coming year.

Mr. Wilcox is president of the Illinois Society of Certified Public Accountants, and Mr. Keays is president of the Michigan Association of Certified Public Accountants.

The primary purpose of the meeting was to analyze the experience of the Advisory Council in the several years of its existence, and to outline policies and procedures which, if adopted, might result in greater usefulness on the part of the organization of state society presidents, on which the national organization relies as a channel of communication with state societies. Specific problems and possible activities of state societies were also discussed at the Chicago meeting.

### Central States Accounting Conference

The assistant secretary of the Institute, Frank A. Gale, attended a meeting at Des Moines, November 28th, at which representatives of six of the nine state societies which will participate considered plans for a Central States Accounting Conference to be held at Des Moines June 1 and 2, 1939. The Iowa Society of Certified Public Accountants, which is acting as host, accepted the Institute's offer to coöperate in program arrangements and publicity. It is expected that societies of the following states will participate in the conference: Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin.

### Board of Tax Appeals Reports

Announcement has been made by the superintendent of documents at Washington that volume 2 of the Board of Tax Appeals reports, covering the period June 1, 1925, to November 11, 1925, has been reprinted and is now available at \$6.00 a copy. Orders should be addressed to the procurement section of the United States Government Printing Office, and should be accompanied by remittance, as the rules require payment before delivery.

### Beta Alpha Psi Notes

The Grand Council of Beta Alpha Psi is preparing a directory of all members for publication at an early date. Approximately 3,500 cards have been mailed for the purpose of verifying addresses and present employment or professional connection. Among those to whom such cards have been sent are certified public accountants and members of the American Institute of Accountants who hold honorary membership. It is earnestly requested that all

such members return their personal information either on the card or by letter addressed to Professor Hermann C. Miller, College of Commerce, Ohio State University, Columbus, Ohio.

#### OMICRON CHAPTER

Homer L. Dalton, of Toledo, Ohio, was recently made an honorary member of Beta Alpha Psi by the Omicron chapter of the fraternity. Mr. Dalton is president of the Ohio Society of Certified Public Accountants and is a member of the American Institute of Accountants. The initiation ceremony took place in Columbus, Ohio, on November 17th.

Fifty-five members of the fraternity attended the banquet following the initiation. The group included four honorary, eight faculty, and eleven alumni members. Mr. Dalton gave the address of the evening. His subject was "Accountancy as a Profession."

#### International Congress

William H. Ball, of Detroit, Mich., was one of the delegates of the American Institute of Accountants to the Fifth International Congress held at Berlin, September 19-23, 1938. Mr. Ball's name was not included in the list of delegates published in the report of the Congress in the November issue of this bulletin.

#### Michigan Accounting Conference

The fourteenth annual Michigan Accounting Conference was held at Michigan State College, East Lansing, Mich., November 17, 1938. The Michigan Association of Certified Public Accountants has sponsored all-day conferences of this type in coöperation with the University of Michigan at Ann Arbor, and Michigan State College at East Lansing, for many years.

Edwin M. Stanton, president of the

Central Michigan Chapter of the Michigan Association, presided at the opening session, and introduced John L. Carey, secretary of the American Institute of Accountants, who spoke on "A Professional Organization." His address was an analysis of the evolution in form and character of the national professional accountancy organization, and a description of how it had gradually expanded its activities into various broad fields. H. J. Wyngarden, associate professor of finance, Michigan State College, was the next speaker. He discussed "Contrasting Economic Trends of the Twenties and Thirties."

Luncheon was served at noon to approximately 200 persons attending the conference. Lloyd C. Emmons, dean of the division of liberal arts, Michigan State College, welcomed the members of the Michigan Association, and Glen O. Stewart, secretary of the Alumni Association, presented an illustrated lecture on "College Life." Arnold J. Van Keppel, president of the Western Michigan Chapter of the Association, presided.

In the afternoon George D. Bailey read a paper on "Accountant's Certificates," and A. J. Bloodsworth led discussion from the floor. Frank E. Seidman delivered an address on the "Revenue Act of 1938," discussion of which was led by Mervyn B. Walsh. "Michigan Unemployment Commission" was the title of an address by Carlyle E. Mounteer, discussion of which was led by Max D. Harris. Philip E. Hartman, president of the Eastern Michigan Chapter of the Association, presided at the afternoon session.

Roland B. Keays, president of the Michigan Association, was toastmaster at a banquet in the evening. The speaker was the Rev. Edwin W. Bishop, pastor of the Plymouth Congregational Church.

### **Middle Atlantic States Accounting Conference**

Tentative plans have been outlined for an accounting conference at Richmond, Va., in the spring of 1939, to be designated as the Middle Atlantic States Accounting Conference. Societies of the following states are expected to participate: Maryland, District of Columbia, Virginia, West Virginia, and North Carolina. The American Institute of Accountants is coöperating in arrangements for the meeting. A preliminary gathering of representatives of the interested state societies will be held at Richmond in the near future.

### **Eastern Tri-State Conference**

Tentative plans have been laid for an accounting conference to be known as the Eastern Tri-State Conference at Atlantic City, N. J., in the latter part of May, 1939. The proposal for such a conference originated with the New Jersey Society of Certified Public Accountants, which has offered to act as host. The state societies of New York and Pennsylvania will participate.

At an informal meeting of representatives of the three state societies concerned, held at State College, Pa., during the "Accounting Clinic" on November 18th, O. O. Roundy, representing the New Jersey Society, extended the invitation, which met with the approval of all those present. Mr. Roundy also outlined briefly the New Jersey Society's conception of the conference, which will be a working meeting, with speakers of national prominence and round-table discussions on technical problems. An attendance of 500 or more is expected. The secretary and assistant secretary of the American Institute of Accountants were present at the informal meeting, and Mr. Roundy acknowledged their assistance

in framing tentative plans. The secretary of the Institute offered the full cooperation of his office in assisting the group to obtain speakers and organize the program, and to secure adequate publicity.

### **Municipal Audit Reports**

The Institute special committee on governmental accounting, as well as the National Committee on Municipal Accounting, desires to receive copies of audit reports of municipalities and other governmental bodies made by Institute members whenever copies of such reports can be released or are published by the agencies under audit.

The committees wish these reports in order to be informed of the work of accountants in this field and of the way in which the problems presented are being dealt with, and for the further purpose of observing the extent to which the recommendations of the National Committee, which have been endorsed by the Institute, are being followed.

The chairman of the Institute committee is Lloyd Morey, 257 University Administration Building, Urbana, Ill., and the secretary of the National Committee is Carl H. Chatters, 1313 East 60th Street, Chicago.

### **Audits of Church Agencies**

According to a report in *The Christian Evangelist*, a committee on recommendations, at the recent International Convention of the Disciples of Christ, suggested that reports of agencies to the Convention "in the future be accompanied by the endorsement of a certified public accountant." The financial records of the larger boards and commissions are regularly audited by a certified public accountant, and a certified public accountant serves the Convention as treasurer.

**Election of Members**

In the absence of protest, the president has declared elected, as members and associates respectively, fifty applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot.

Following are the new members and associates:

**ADVANCED TO MEMBERSHIP**

Philip Bardes, New York, N. Y.  
Ralph W. Henkel, Milwaukee, Wis.  
John H. McClure, Des Moines, Iowa  
Edward P. Tremper, Jr., Seattle, Wash.

**ADMITTED AS MEMBERS**

William L. Ashbaugh, New York, N. Y.  
Merlin M. Bailey, Indianapolis, Ind.  
John A. Baumann, Cincinnati, Ohio  
David M. Beights, Gainesville, Fla.  
Joseph C. Brauer, Milwaukee, Wis.  
Charlton N. Carter, Indianapolis, Ind.  
Frederick H. Chant, Pittsfield, Mass.  
Warren B. Cutting, Buffalo, N. Y.  
Joseph H. Diersen, Louisville, Ky.  
Laurence H. Fish, Benton Harbor, Mich.  
Frank C. Gabell, DuBois, Pa.  
Albert E. Godfrey, Providence, R. I.  
Harry C. Grumpelt, New York, N. Y.  
Howard W. Hinman, Oklahoma City, Okla.  
Charles A. Hoyler, New York, N. Y.  
Aloysius M. Kellerman, Louisville, Ky.  
Floyd H. Kirlin, Indianapolis, Ind.  
John E. Madden, Toledo, Ohio  
David R. Malcolm, Jr., Los Angeles, Calif.  
Perry Mason, Berkeley, Calif.  
Stanley Parker McGee, Louisville, Ky.  
Norman J. Nevins, Omaha, Nebr.  
William Berch Pitts, Little Rock, Ark.  
Howard V. Swartz, Syracuse, N. Y.  
William H. Walker, Indianapolis, Ind.  
Carl B. Wellborn, Memphis, Tenn.  
Samuel M. Wellborn, Jr., Columbus, Ga.  
Reynolds B. Wood, New York, N. Y.  
Irving R. Zwick, Cleveland, Ohio

**ADMITTED AS ASSOCIATES**

Milton Ancker, Philadelphia, Pa.  
Joseph E. Clermont, Chicago, Ill.  
John F. Cody, New York, N. Y.  
Norman D. Curtis, Chicago, Ill.  
Joseph T. Dwyer, Seattle, Wash.  
David LeRoy Evans, Jr., New York, N. Y.  
W. L. Gephart, Cleveland, Ohio  
C. Fred Groneweg, Dayton, Ohio  
Robert D. Haun, Lexington, Ky.  
Irvin W. Imhof, Louisville, Ky.  
Alton B. Kidd, Roanoke, Va.  
Abram S. Kimmel, Lancaster, Pa.  
John C. Meredith, Louisville, Ky.  
John M. Peterson, New York, N. Y.  
James R. Troxell, Canton, Ohio  
Hugo D. Walz, New York, N. Y.  
Daniel G. Weinstein, New Haven, Conn.

**Coöperation with Credit Men**

At the Tri-State Conference of the National Association of Credit Men held October 21st and 22nd, James F. Hughes, member of the American Institute of Accountants and past president of the New York and New Jersey societies of certified public accountants, made an address on coöperation between accountants and credit men. Following is the text of a resolution adopted at the Conference:

The Conference firmly believes that the growing coöperation between the accountant and the credit man has bettered credit conditions. This coöperation has broadened the accountant's viewpoint and increased the knowledge of the credit man. It has, through insistence upon third-party audits, helped the creditor as well by giving him a true picture of his own condition.

In conclusion, the Conference urges that this coöperation be continued with the aim of increasing the general use of independently audited books of accounts by concerns, large or small.

## Origin and Evolution of Double Entry

A circular has been mailed to the members of the Institute announcing publication of the book, "Origin and Evolution of Double Entry," by Edward Peragallo, Ph.D., a certified public accountant of New York. The foreword is by Robert H. Montgomery.

The book traces the development of double-entry bookkeeping from its emergence in the Italian Renaissance through four and a half centuries, and is based on the Montgomery library at Columbia University.

Printed in two colors, the book has a page of generous size with liberal spacing which makes for easy legibility. It is case bound; the sides are of specially made imported paper, and the back of Charing vellum, with the title in genuine gold. The book is designed to be in keeping with the spirit of the typography of those early Italian treatises on accounting which are known for their beauty as well as their historical interest.

Publication is expected during December. The price of the volume is five dollars.

## Correspondence

Editor, THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: I received your address through the courtesy of the editors of *The Saturday Evening Post*, Philadelphia, Pa., and my request to you is whether you can help me in finding one or more persons who are willing to correspond with me about bookkeeping and accountancy problems.

Trusting you will be able and willing to comply with this request, I enclose herewith some address cards.

Yours truly,

G. A. J. TEERLINK

1, Rozendwarsstraat,  
Dordrecht, Holland

## Certified Public Accountant Heads A.B.A.

Philip A. Benson, newly elected president of the American Bankers Association, is a certified public accountant of New York. Mr. Benson was graduated from New York University with the degree of B.C.S. and from 1912-1937 taught accounting and real-estate subjects there. He is now president of the Dime Savings Bank, Brooklyn, N. Y.

## Accountants and Public Affairs

The November issue of the *National Municipal Review*, discussing state review of local budgets in Indiana stresses two points which have frequently been emphasized by the American Institute of Accountants special committee on governmental accounting.

One of these is the so-called "county tax adjustment board." This board includes citizen representation in the manner suggested by the Institute committee in its bulletin, *Accounts of Governmental Bodies*.

The other is the operation of a "state board of accounts," the primary function of which is to set up standards and render advice to local communities. This plan corresponds with the recommendation made in the Institute's bulletin, *Audits of Governmental Bodies*, in which it was suggested that such central boards should indicate standards and requirements, but that audits and investigations should be carried out by qualified public accountants.

Adrian F. Sanderbeck, of Pennsylvania, who was recently elected to the council of the American Institute of Accountants, is now serving as chairman of the Pennsylvania State Board for the Examination of Public Accountants. He was appointed to the board in 1935.

**Charles S. Cowan**

Charles S. Cowan, of Seattle, Wash., died on October 28th at the age of 57. Mr. Cowan was born in Galveston, Texas, and was educated in private schools, preparatory academy, and Centenary College, Shreveport, La. He was in the mercantile and manufacturing business for fifteen years. He moved to Seattle in 1919 where he was associated with the firm of McN-Tosh & Cowan until the death of the senior partner, when the firm became Charles S. Cowan & Co. Mr. Cowan was a certified public accountant of Texas, Louisiana, Washington, Oregon, and California, and was a past vice-president of the Washington Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1921.

**Charles N. Harrington**

Charles N. Harrington, of La Crosse, Wis., died on October 9th at the age of 90. Mr. Harrington began practice in 1905 in Chicago, then moved to La Crosse. In 1911 he became secretary-treasurer and manager of the La Crosse Knitting Company. He had been a member of the Institute since 1922. Honorary membership in the Institute was conferred on Mr. Harrington in 1937. He had been in retirement for many years.

**William B. Sherman**

William B. Sherman, of Providence, R. I., died on November 7th in his 77th year. He was born in New Bedford, Mass., and was educated in public schools and Bryant & Stratton Business College, where he taught commercial subjects for thirty-five years. Mr. Sherman held the C.P.A. certificate

of Rhode Island and was a past president of the Rhode Island Society of Certified Public Accountants. He had been a member of the Institute since 1913. At the time of his death, Mr. Sherman was practising under his own name.

**Walter D. Whitcomb**

Walter D. Whitcomb, of Portland, Ore., died on November 2nd. He was born in Chicago in 1884, and received his preliminary education in the grammar and high schools there. Mr. Whitcomb received his A.B. degree from Wheaton College, Illinois, and later studied medicine at the University of Chicago and Rush Medical College. In 1910 he abandoned his plans for a medical career and formed an accounting partnership with William Whitfield in Portland, which continued for fifteen years. Mr. Whitcomb then opened offices of his own, and this past year enlarged the firm name to Whitcomb, Buell, Stratford & Co. During the World War, he enlisted as a private and after 19 months of service overseas, was discharged as lieutenant colonel. He served as field auditor in cantonment construction work, and in France was in charge of the finance and accounting division of the Medical Department. Mr. Whitcomb held the C.P.A. certificates of Oregon, California, and Washington, and was past chairman of the Oregon State Board of Accountancy as well as past president of the Oregon State Society of Certified Public Accountants. He contributed numerous articles to trade magazines. Mr. Whitcomb had been a member of the Institute since 1912 and served on the board of examiners during the year 1916-1917.

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## Florida Accountancy Law Upheld

In an opinion filed on October 24th in the case of Leon S. Heller, appellant, v. Leonard L. Abess, Roger W. Cole, Robert Pentland, Jr., Rex Meighen, and D. A. Smith, as members of and comprising the State Board of Accountancy of the State of Florida, appellees, the Supreme Court of Florida upheld the state accountancy act as amended in 1935. In doing so, the court affirmed an injunction handed down in circuit court several months ago restraining Mr. Heller, a Lakeworth resident, from describing himself as a public accountant or certified public accountant "unless and until he has received and holds a certificate of authority from the state board." Following is the text of the decision:

### THE DECISION

Appeal from Circuit Court, Palm Beach County; C. E. Chillingworth, Judge.

Suit by Leonard L. Abess and others, as members of and comprising the State Board of Accountancy of the State of Florida, against Leon S. Heller to enjoin defendant from holding himself out to the public as a public accountant until he has received a certificate of authority from the board. Decree for plaintiffs, and defendant appeals.

Affirmed.

Elmore Cohen and George B. Mehlman, both of West Palm Beach, for appellant.

No appearance for Appellees.

WHITFIELD, Presiding Justice.

Chapter 15637, Acts of 1931, Ex. Sess., is entitled:

"An act creating the state board of accountancy of this state; providing for the appointment of the members of such board, fixing their term of office,

prescribing the powers of such board and defining its duties; providing for the issuance of certificates to practice as certified public accountants to persons who shall comply with the terms of this act; regulating the practice of public accounting in this state; defining what shall constitute the practice of public accounting; authorizing the state board of accountancy to prescribe rules and regulations and requiring such board to promulgate canons of professional ethics; providing for the revocation and suspension of certificates held by public accountants and certified public accountants; prescribing penalties for violating the provisions of this act."

The act provides for the issue of certificates to persons who have qualified as certified public accountants, and requires a license tax to be paid annually for practising in this state as a public accountant.

Section 10 of the act as amended by chapter 17267, acts of 1935, section 1, is as follows:

"Section 10. Any person who shall receive from the board under this act, or who shall have heretofore received from the state board of accountancy of this state, a certificate to practice as a certified public accountant, shall be styled and known as a 'certified public accountant,' and no other person shall assume to use such title or that abbreviation 'C.P.A.' or any other word, words, letters or figures to indicate that the person using the same is a certified public accountant. Any person who has heretofore received from the state board of accountancy of this state a certificate of authority to practice as a public accountant shall be styled and known as a 'public accountant,' and no other person, except a certified public accountant, shall assume to use such designation to indicate that such person is entitled to practice as a public accountant in this state.

"That any person holding a proper certificate of authority to practice as a public accountant in the state of Florida, and who is in good standing thereunder, and who holds a certificate as a certified public accountant issued by or under the authority of another state or political subdivision of the United States, may use the letters 'C.P.A.' after his name, provided he shows immediately after such letters the name of the state or political subdivision as aforesaid under whose authority such certificate was issued.

"Any person violating any of the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than five hundred (\$500.00) dollars or imprisonment in the county jail for not more than six months, or both, in the discretion of the trial court."

On a bill of complaint in equity filed by the state board under chapter 17265, acts of 1935, to enjoin a violation of chapter 15637, acts of 1931, as amended by chapter 17267, acts of 1935, by the defendant who had not complied with the statute to practise as public accountant, it was

"Decreed that the defendant's motion to dismiss be denied, and that the defendant, subject to the further order of the court, be temporarily enjoined and restrained from using any other term than certified public accountant, or the abbreviation C.P.A., to indicate that he is a public accountant with a specially granted title, and from holding himself out to the public as a public accountant or assuming to practise as a public accountant, or practising as a public accountant, unless and until he has received and holds a certificate of authority from the State Board of Accountancy of the State of Florida."

Defendant appealed.

The questions presented are whether the statute (1) deprives defendant of

his property without due process of law; (2) "unreasonably restrains a public accountant from practicing his profession"; (3) constitutes an unwarranted and unreasonable exercise of the state police power. Such contention assumes the public nature of the service in "practising his profession," and assumes the police power of the state is applicable to the occupation or profession; it being in substance contended that the exertion of the sovereign power in enforcing the statute as to the defendant is unwarranted, and unreasonably restrains him as a "public accountant from practising his profession"; and that the act is unconstitutional and deprives defendant of his property without due process of law.

The due process clause of the state constitution, Declaration of Rights, section 12, and of the fourteenth amendment to the Federal Constitution, U.S.C.A. Const. Amend. 14, are intended to operate not only to forbid, but by judicial proceedings to prevent, any and all arbitrary and oppressive governmental activities that adversely affect the life, liberty and property rights of any person; but such organic provisions do not operate to substitute judicial judgment for legislative discretion in the exercise of the sovereign legislative power in regulating business occupations or professions to conserve the public welfare. Courts may declare such a legislative enactment to be a deprivation of life, liberty or property rights without due process of law, only when the statute is arbitrary and unreasonable or oppressive as it adversely affects such life, liberty and property rights. If there is any conceivable reasonable basis for a statutory regulation of intrastate business occupations to conserve the public welfare, an annulment of such legislative regulation is not within the con-



templation of the judicial power invested in the courts by the Florida constitution. *Dutton Phosphate Co. v. Priest*, 67 Fla. 370, 65 So. 282; Miami Laundry Case, *Miami Laundry Co. v. Florida Dry Cleaning & Laundry Board*, Fla., 183 So. 759, decided at this term. See section 6115 (4174), C.G.L.

The statute is not, as contended, an arbitrary, unreasonable and oppressive exercise of the sovereign legislative power in forbidding the use by others of the business or professional title given under the statute only to those who duly qualify and pay a license tax to engage in the business occupation or profession of public accountant as regulated by the statute; such provisions being reasonable and appropriate to prevent imposition upon the public and to serve the general welfare.

Affirmed.

Ellis, C. J., and Terrell, Brown, Buford, and Chapman, J. J., concur.

### Accounting Antics

"Leave it to the C.P.A's to pull something out of the ordinary—at least in so far as a game of contract is concerned.

"Between sessions of the state society of certified public accountants' conference four of the boys decided on cards.

"G. Charles Hurdman, New York, and A. W. Yardley, Boston, were partners. Their opponents were J. Arthur Marvin and Harold B. Simpson, both of New York.

"Marvin opened with a one diamond bid. Hurdman followed with three hearts. Simpson said seven diamonds and Yardley climaxed the affair with seven spades—a lay-down hand.

"Hurdman and Yardley had every heart and spade in the deck. Marvin and Simpson had all the diamonds and clubs."

—Utica (N. Y.) Press

### Visitors at Institute Offices

The following visitors from out of town have called at the new offices of the Institute in recent weeks:

Roberto Casas Alatrisme, Mexico City, Mexico

T. Coleman Andrews, Richmond, Va.  
Cecil S. Ashdown, Warwick East, Bermuda

Dennis A. Barry, New Orleans, La.

I. Edward Biller, Boston, Mass.

Mr. Bishop, London, England

Carman G. Blough, Chicago, Ill.

Harry Brick, New York, N. Y.

H. Chambers, South Bend, Ind.

Alfredo Chavero, Mexico City, Mexico

A. Crawford Clarkson, Columbia, S. C.

George B. Clegg, Providence, R. I.

Charles F. Coates, Hartford, Conn.

John P. Dawson, Chicago, Ill.

George P. Ellis, Chicago, Ill.

William Fagell, Boston, Mass.

Wyman P. Fiske, Massachusetts Institute of Technology, Cambridge, Mass.

Chester M. Foss, Portland, Maine

Ralph S. Good, Rochester, N. Y.

A. I. Grade, Chicago, Ill.

H. J. Graef, Buffalo, N. Y.

C. B. Harvey, Sydney, Australia

E. Herlinger, Vienna, Austria

Leonard I. Houghton, Saranac Lake, N. Y.

William C. Kirkpatrick, Washington, D. C.

Edwin E. Leffler, Buffalo, N. Y.

Walter A. Musgrave, Hartford, Conn.

Charles F. Rittenhouse, Boston, Mass.

Marx P. Rosenthaler, Detroit, Mich.

Edgar C. Salvesen, Berkeley Heights, N. J.

Edward Simone, Newark, N. J.

Clyde B. Stovall, Washington, D. C.

Felix T. Terry, Houston, Texas

William A. Waymouth, San Juan, Puerto Rico

Herbert J. Woodfin, Guatemala

David Turquand Young, London, England

John H. Zebley, Jr., Philadelphia, Pa.

**Circulating Library**

Following are the titles of volumes recently added to the circulating division of the American Institute of Accountants library:

- Balderston, C. C. and Karabasz, V. S.**  
Management of a textile business, 1938.
- Bolon, D. C.**  
Introduction to accounting, 1938.
- Field, K.**  
Corporation finance, 1938.
- Glover, J. G. and Maze, C. L.**  
Management control, 1937.
- Hoagland, H. E.**  
Corporation finance, 1938.
- Huebner, S. S.**  
Property insurance, 1938.
- Inghram, H. A.**  
Accounting, 1937.
- Lockwood, J. and Maxwell, A. D.**  
Textile costing, an aid to management, 1938.
- McKee, R. W.**  
Handbook of petroleum accounting, 1938.
- McNair & Lewis**  
Business and modern society, 1938.
- Mills, F. C.**  
Statistical methods, 1938.
- Montgomery, R. H.**  
Federal Income Tax Handbook 1938-1939, 1938.  
Federal tax practice, 1938.  
Federal Taxes on Estates, Trusts and Gifts 1938-1939, 1938.
- Municipal Finance Officers Association and American Water Works Association**  
Manual of water works accounting, 1938.
- National Association of Credit Men**  
Credit manual of commercial laws 1939, 1938.
- Newlove, G. H., Haynes, L. C. and White, J. C.**  
Elementary accounting, 1938.

**Paton, W. A.**

Essentials of accounting, 1938.

**Rosenkampff and Wallace**

Bookkeeping and accounting, 1938.

**Addresses to C.P.A. Candidates**

As an experiment, a number of state boards of accountancy which have adopted the American Institute of Accountants standard examinations, invited members of the Institute to address a few remarks to the candidates just before the opening session of the November, 1938, examinations. The purpose of these appearances was to emphasize the fact that the professional organizations are interested in the candidates and wish them success. Most of the speakers referred to the desirability of membership in the state societies of certified public accountants and in the American Institute of Accountants. They also outlined briefly the purposes of the C.P.A. examinations and the necessity of high standards for entrance to the accounting profession. Among those who appeared before candidates at the November examinations were the following:

John J. Barry, member of Massachusetts Board of Registration of Certified Public Accountants.

Walter M. LeClear, chairman of Board of Examiners in Accountancy, Illinois.

C. Howard Walden, chairman of Montana State Board of Examiners in Accountancy.

Neil Sexton, member of Washington State Accountancy Examining Committee.

Carl Pettijohn, chairman of State Board of Examiners of the State of Kansas.

John S. Lloyd, secretary of Indiana Association of Certified Public Accountants.

William H. Goldberg, president of State Board of Accountancy of Colorado.

## Natural Business Year

Six special bulletins analyzing seasonal fluctuations in particular industries and suggesting natural-fiscal-closing dates have been issued by the research-and-statistical division of Dun & Bradstreet, Inc., for the Natural Business Year Council. Each bulletin is sent, as issued, to members of the American Institute of Accountants who have indicated that they wish to receive them, and through the Council to many others.

The first of these bulletins, dealing with the fur-coat-manufacturing industry, was described in an earlier issue. Subsequent bulletins have dealt with the following industries:

- Radio manufacture
- Farm equipment manufacture
- Women's trimmed hats manufacture
- Department stores

### *Shoe Manufacturers*

November 30th (alternate October 31st) is suggested as a closing date for shoe manufacturers, for the following reasons:

1. Many concerns, including some of the larger in the industry, are already using this date as shown by the National Credit Office tabulation.
2. Production, inventories, receivables and liabilities are likely to be at approximately their lowest point for the year both for "make-up" houses and "in-stock" houses.
3. October 31st may be equally desirable if the concern sells primarily to wholesalers, through its own retail outlets, or for some other reason collects early enough to have receivables largely liquidated by that time. This date also is used by some of the larger concerns.

### *Radio Manufacture*

March 31st is suggested as a closing date for concerns engaged in making home radio sets, for the following reasons:

1. Sales, inventories, and receivables would commonly be at or about their lowest annual levels.
2. Being at the end of the first quarter of the calendar year, comparison of figures compiled on a quarterly basis could be made with quarterly data from concerns or industries using the calendar year.

Where automobile radios constitute a substantial part of the volume of production, the combined seasonal effect of household and automobile radios might make December 31st a more desirable fiscal closing date, the bulletin states.

### *Farm Equipment Manufacture*

October 31st, a closing date already in use by International Harvester Company and the J. I. Case Company, leading companies in the manufacture of farm equipment, is suggested for this industry for the following reasons:

1. This date has been adopted after careful study by two of the large units in the industry.
2. Books closed on that date give a picture of the year's business after the close of the selling season and before costs of production of the next year's models have entered into the expense ledger.
3. Because of the long gradual decline of sales during the summer months and early fall, receivables and current liabilities are likely to reach or approximate their low point on October 31st.

The report adds:

"The suggested closing date need not constitute an objection to earlier fiscal closings by those members of the

industry whose particular products make it desirable. Any general industry totals or averages could validly be assembled after the October 31st closing, even though some of the fiscal year figures represented closings a few months earlier."

#### *Women's Trimmed Hat Manufacture*

The bulletin suggests May 31st or November 30th as closing dates for the trimmed hat industry because:

1. Production, receivables, inventories, and current liabilities in the industry commonly reach their low points almost simultaneously about these dates.
2. These closing dates are already being used with satisfactory results by a number of members of the industry.

#### *Department Stores*

January 31st is suggested as a closing date for department stores because:

1. It is a more suitable closing date than December 31st, the second most popular month, because it is a month of low sales volume and merchandising activity.
2. It affords an organization an additional month following the "Christmas rush" to gear itself to the huge task of inventory taking and, through clearance sales, to help reduce the size of inventory to its lowest level of the year.
3. Many returns, claims for credit, and exchanges of merchandise occur in the weeks following Christmas and books closed before these adjustments are made would give a distorted picture.
4. Receivables and current liabilities approximate their lowest points.
5. The date is already being used successfully by many department stores.
6. Figures obtained on January 31st would be helpful in planning both spring and summer operations.

### **American Accounting Association**

The twenty-third annual meeting of the American Accounting Association will be held at the Detroit-Leland Hotel, Detroit, Michigan, December 28-30, 1938.

The program of the meeting includes discussion of the following subjects: Accounting theory and practice; governmental accounting; teaching of elementary accounting; teaching of auditing; cost and marketing problems arising under fair-trade laws; and accounting principles.

The following will participate in the discussions: William W. Werntz, chief accountant, Securities and Exchange Commission; Fred W. Woodbridge, University of Southern California; Perry Mason, University of California; Carl H. Chatters, executive director, Municipal Finance Officers Association; George D. Bailey, of Detroit, Mich.; Ira R. Frisbee, University of California at Los Angeles; Gustave A. Moe, Public Administration Service; Willard J. Graham, University of Chicago; William H. Conley, Wright Junior College, Chicago; Paul E. Bacas, New York University; T. W. Byrnes, Columbia University; Edward J. Kirkham, University of Illinois; C. E. Griffin, University of Michigan; Herbert F. Taggart, University of Michigan; Harry J. Ostlund, University of Minnesota; Albert E. Sawyer, The Dennison Company; James L. Dohr, Columbia University; John J. Reighard, University of Minnesota; A. C. Littleton, University of Illinois.

The Michigan Association of Certified Public Accountants has arranged a luncheon to be held at noon on December 30th at the Detroit-Leland Hotel in honor of the American Accounting Association.

## Meetings and Elections

### Arizona Society of Public Accountants

*Date:* November 5, 1938. Annual Meeting.  
*Place:* Phoenix.  
*Elections:* President—Dixon Fagerberg, Jr., of Phoenix.  
 Vice-president—Hugh T. Cuthbert, of Phoenix.  
 Secretary—Mrs. Daphne Latham, of Phoenix.  
 Treasurer—Carl Dale, of Phoenix.

### Arkansas Society of C.P.A.'s

*Date:* October 28, 1938. Annual Meeting.  
*Place:* Little Rock.  
*Speakers:* Dr. Samuel A. Marsh, of Washington University, St. Louis, on the wages-and-hours bill.  
 E. R. Cotham, on the new features contained in the 1938 revenue act.  
 A. B. Goodrum, on suggested changes in the Arkansas income-tax act.  
*Elections:* President—J. V. Stewart, of Little Rock.  
 Vice-president—R. A. Lile, of Little Rock.  
 Secretary—C. H. Wyman, of Little Rock.

### Florida Institute of Accountants

*Date:* November 18 and 19, 1938. Semi-annual convention.  
*Place:* Lakeland.  
*Speakers:* John K. Mathieson, vice-president of the American Institute of Accountants, on professional development.  
 Col. Ed. R. Bentley, president of the Florida Bar Association, on coöperation between the legal and accountancy professions.  
 James I. Keller, Jr., of Miami, on principal changes of the 1938 revenue act.

#### Jacksonville Chapter

*Date:* September 23, 1938.  
*Elections:* President—Frederic A. Tilton.

Secretary—D. A. Smith.  
 Treasurer—Ira J. Varnedoe.

### Oklahoma Society of C.P.A.'s

Oklahoma City Chapter  
*Date:* October 26, 1938.  
*Elections:* President—Ford L. Billups.  
 Vice-president—Larry G. Petering.  
 Secretary-Treasurer—Arthur L. Wood.

### Nebraska Society of C.P.A.'s

*Date:* November 25, 1938. Annual Meeting.  
*Place:* Omaha.  
*Elections:* President—O. R. Martin, of Lincoln.  
 Vice-president—Harry E. Judd, of Omaha.  
 Secretary—J. E. Miller, of Lincoln.  
 Treasurer—H. F. Festersen, of Omaha.

### West Virginia Society of C.P.A.'s

*Date:* November 4 and 5, 1938. Annual Meeting.  
*Place:* Charleston.  
*Elections:* President—Ivan F. Jennings, of Welch.  
 First vice-president—Robert L. Baughan, of Huntington.  
 Second vice-president—David A. Jayne, of Charleston.  
 Secretary—Harry R. Howell, of Charleston.  
 Treasurer—Norman Fitzhugh, of Charleston.

### Wyoming Society of C.P.A.'s

*Date:* October 29, 1938. Annual Meeting.  
*Place:* Cheyenne.  
*Speaker:* Professor W. E. Daniels, division of commerce, University of Wyoming, on coöperation with the American Institute of Accountants and state society in an accounting educational program.  
*Elections:* President—Kenneth Cox, of Sheridan.  
 Vice-president—Karl B. Axt, of Cheyenne.  
 Secretary—Charles S. Chapin, of Casper.

## Announcements

L. S. Everts and Carl M. Esenoff announce the formation of a partnership under the firm name of Everts and Esenoff, with offices at 726 First National Bldg., San Diego, Calif.

David Joseph and Sidney Fersten announce the formation of a partnership under the firm name of David Joseph & Company, with offices at 95 Madison Ave., New York, N. Y.

Andrew J. Kisting announces the opening of offices at 319 Bank and Insurance Bldg., Dubuque, Iowa.

Albert Moss, surviving partner of the firm of C. S. Cowan & Co., announces the association with him of Edwin E. Adams and Paul O. Nielsen as partners in continuing the practice under the firm name, C. S. Cowan & Co., with offices at 1145-1148 Henry Bldg., Seattle, Wash.

H. M. Reinking and A. L. McDonald announce the formation of a partnership under the firm name of Reinking & McDonald, with offices at 809 Old First Bank Bldg., Fort Wayne, Ind.

Hamilton M. Ross announces the removal of his office to 35 8th St., Passaic, N. J.

Felix T. Terry announces the opening of accounting offices in the Sterling Bldg., Houston, Texas.

C. G. Uhlenberg and Lawrence Scudder & Co. announce their consolidation into the firm of Lawrence Scudder & Co., with offices in the Russ Bldg., San Francisco, Calif.

Wideman, Madden & Company, Toledo, Ohio, announce that Clarence J. Mason has become associated with the firm as a general partner.

James L. Benson, State Auditor of Maryland, recently addressed the convention of the National Association of State Auditors, Comptrollers, and Treasurers, at Biloxi, Miss., on the audits of departmental and institutional accounts.

George P. Ellis, of Chicago, Ill., comptroller and tax consultant for the National Association of Real Estate Boards, and president of the Illinois Chamber of Commerce, addressed the membership of the St. Louis Real Estate Exchange, on November 29th, on the subject of "Social Security Status of Real Estate Salesmen."

Mr. Ellis has been elected president of the Illinois Chamber of Commerce.

Jacob S. Seidman, of New York, N. Y., is the author of a book entitled *Legislative History of Federal Income Tax Provisions*, which is to appear in December.

Sidney Tobias, of New York, N. Y., has recently been appointed chairman of the board and chairman of the taxation committee of the Young Men's Board of Trade, and also chairman of the taxation committee, New York State Junior Chamber of Commerce.

David McEwan Watson, of Denver, Colo., has been reappointed a member of the city budget committee of the Denver Chamber of Commerce.

Leopold Frankel, of Paterson, N. J., has been appointed instructor in theory of accounts, accounting problems, and business finance, at the College of Paterson, Paterson, N. J.

