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People in DH&S: Jack H. Vaughan

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Jack M. Vaughan

Achievement is to Jack Vaughan as a hit is to a ball player; a single is never satisfactory when, with just a little extra effort, it could have been a home run. As a thirty-year-old whose present responsibilities include those of Houston office partner, tax specialist, Texas Bar member, noted speaker, award-winning writer, husband, and father of two, Jack M. Vaughan has demonstrated his ability to get the most mileage out of everything he does. Making that extra effort is simply his way of life.

Seated comfortably behind the paper-laden desk of his twenty-fifth floor office, Jack spoke at length of how past efforts brought him to his present position of tax partner at DH&S Houston. Though his manner seemed casual, his carefully prepared notes and well-chosen phrases were anything but haphazard. In being interviewed, as in all his endeavors, Jack Vaughan strives for precision.

It was that same desire for precision that motivated Jack to specialize in tax. "Specialization is increasingly critical in accounting today," he said. "In fact, each aspect of the field is so complex at this point that even the specialist must narrow down his or her focus and concentrate on only one or two subspecialties. In tax, as in most areas, a broad base of experience is needed in the early years. But once this base is established, it's advantageous — both for the individual and for the firm — for areas of specialization to be developed."

Within the field of tax, Jack pointed out, there are many areas of potential specialization. Depending on both demand for services and personal inclination, tax specialists may choose to focus on a particular industry —

such as banking or retailing — or on a technical tax subject, reorganization or liquidation, for example. Community property taxation is an area of particular interest and concentration for Jack.

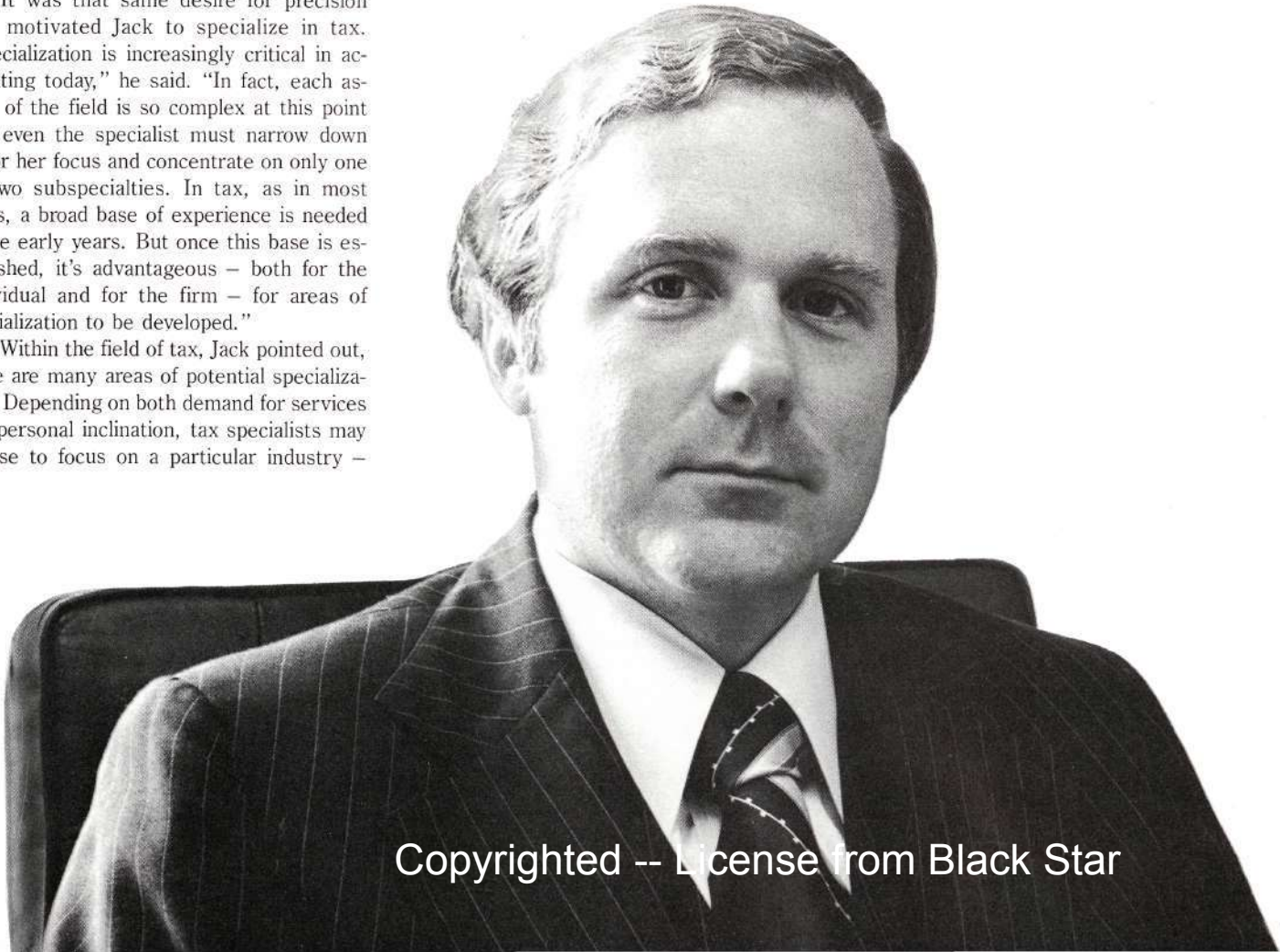
In Jack's opinion, specialization is not only an effective way of increasing his own precision, but also a powerful tool for marketing the firm's services. "We need to demonstrate to potential clients that we are accounting experts," he explained, "not just by our general reputation, but by our specific knowledge of procedures pertaining to their own industries and areas of interest."

Speaking and writing are other marketing tools that, in Jack's experience, have proved invaluable. "These are incredibly effective ways of informing the financial community and potential client groups that DH&S has the expertise that they want and need and is ready to serve them," he said.

"After all, you can be the world's foremost expert in an area, but if nobody knows it, you've only gone halfway. It's only through visibility that we can make our reputation known."

As a man who has written dozens of articles for publication in various magazines and journals, and who has delivered numerous talks before professional and academic audiences, Jack is clearly a believer in the power of visibility. His first article, "Tax Aspects of the Professional Corporation in Texas," was written in 1973 while he was still in law school. "Actually, it was a paper for a business planning course that I was taking," Jack explained. "I had no intention of having it published. But, because my work at the firm just then happened to pertain to the topic of the paper, I decided to give it a try."

The fact that Jack's article was pub-



The Property Division

The primary concern of most practitioners is whether unintended tax liability for their client. The problem here is that the law, as reflected by court cases and revenue rulings, is ambiguous and uncertain at best. One aspect of the problem is that

lished in the *Texas CPA* shortly thereafter taught him two things: first, that you don't have to be a literary genius to write a publishable article; and second, that – at least in the field of taxation – the supply of articles submitted for publication does not equal the demand. "This was really news to me," Jack commented.

Encouraged by the success of his first endeavor as a writer, Jack began looking for other article topics. He soon discovered that the practice of article-writing was well suited to his penchant for getting the most mileage from each of his efforts. While working on an engagement with the Bank of Southwest, Jack was called upon to do extensive research on the subject of planning and creating a holding company. This necessitated his investigating a wide variety of technical tax areas, like reorganization and consolidation, as well as many tax questions peculiar to the banking industry.

"In doing the research," Jack said, "I found that there was no single source of information on the problems faced by a bank forming a holding company. This realization was at once disturbing and inspiring – disturbing in that I knew that Southwest was not the first bank to encounter these problems, and inspiring in that I recognized a distinct opportunity for me to write a needed article. After all, the research was

already done. All I had to do was get it down on paper."

The ensuing article, "Formation, Operation and Expansion of Bank Holding Companies," ended up being a three-star accomplishment for its author. It was accepted as a law school paper, published in *The Tax Adviser* and awarded first place in the 1973 H&S Best Paper Awards Program. (Jack also placed first in 1975 and 1976.) "I was delighted," he said, "by the acceptance and recognition that the article received. I got great support from Executive Office. Both Bergen County partner Jack O'Keefe (then a manager in the EO tax department) and the publications department people, especially R.C. Broadstone, were very encouraging; and EO's thorough review was helpful in getting the piece published."

Always one to learn from his experiences, Jack determined at that point that the key to writing successful articles is to keep a sharp eye out for opportunities in the areas with which you are most familiar. "If, while investigating a given topic, a researcher finds a clear need for an article, he or she should jump right in and write one. There's no better time to make the effort," he said.

All too often, people fail to recognize the article potential of their day-to-day work, Jack believes. "Any project that re-

quires research should be considered as a possible article subject," he said. "This includes even such simple procedures as preparing summaries for clients or drawing up lists of technical rules. Of course, they won't all work out, but strong possibilities shouldn't be overlooked.

"Once you begin thinking in terms of publishing," Jack continued, "then you can really begin to capitalize on your research. I, for one, was amazed – and delighted – by the positive results that my written work has had – both for myself and for the firm."

One such effort that Jack cites as having been particularly rewarding was an article titled, "Community Property States – Preparing Tax Returns for Year of Divorce." Substantiating Jack's theory that "a little visibility goes a long way," this article not only brought him significant acclaim from business and legal circles, but also launched an important new dimension in his career.

Having originated, again, as a law school paper, the article was first published in the March 1974 issue of *Taxes – The Tax Magazine*. Recognizing the significance of the work, the editor of another professional periodical, the *Texas CPA*, sought, and was granted, permission to reprint the article in April 1974. But it didn't stop there. Four months later, the Internal Revenue Service requested 200 copies for training and dis-

tribution to their field agents, and some 500 additional copies were sent to DH&S offices in the eight community property states.

By the time the distribution of the article was completed, Jack had achieved a nationwide reputation as an authority on the subject of community property taxation, especially on tax issues relating to divorce. He began receiving numerous invitations to speak before bar groups and joint institutes of lawyers and CPAs.

"I learned that the number of years spent in a particular field is not the only determinant of an expert," Jack said. "Of course, nothing beats practical experience, but article research and knowledge go hand in hand. There might have been twenty – even fifty – CPAs in Houston with comparable expertise in that area, but the fact that mine was visible gave me an instant reputation – and recognition."

Having established himself as an authority, Jack now concentrates on keeping people aware of activity and developments in his area of specialization. By speaking and writing subsequent articles on these topics, he continues to maintain – and increase – the visibility and reputation that he gained with his original article.

Despite his obvious flair for the profession, Jack happened into the field of accounting quite by accident. Upon entering the University of Texas back in 1965, freshman Vaughan's postcollege plans were already well set in his mind: he would go on to law school and, like his father before him, become a practicing attorney. When it came time for him to choose a major, however, Jack was counseled by his father (then a partner in the Houston law firm of Fulbright & Jaworski) that the best preparation for law school was to "take every single accounting course you can get your hands on." And although Jack confesses that prior to that time he "didn't even know what accounting was," he took his dad's advice nonetheless.

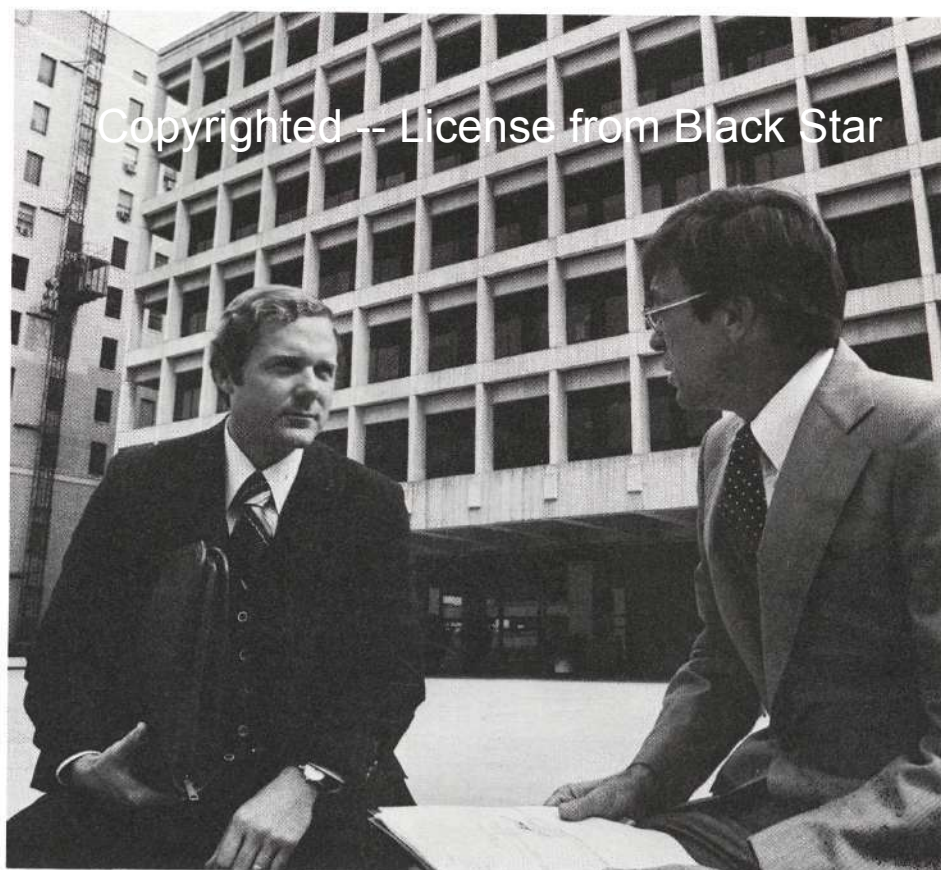
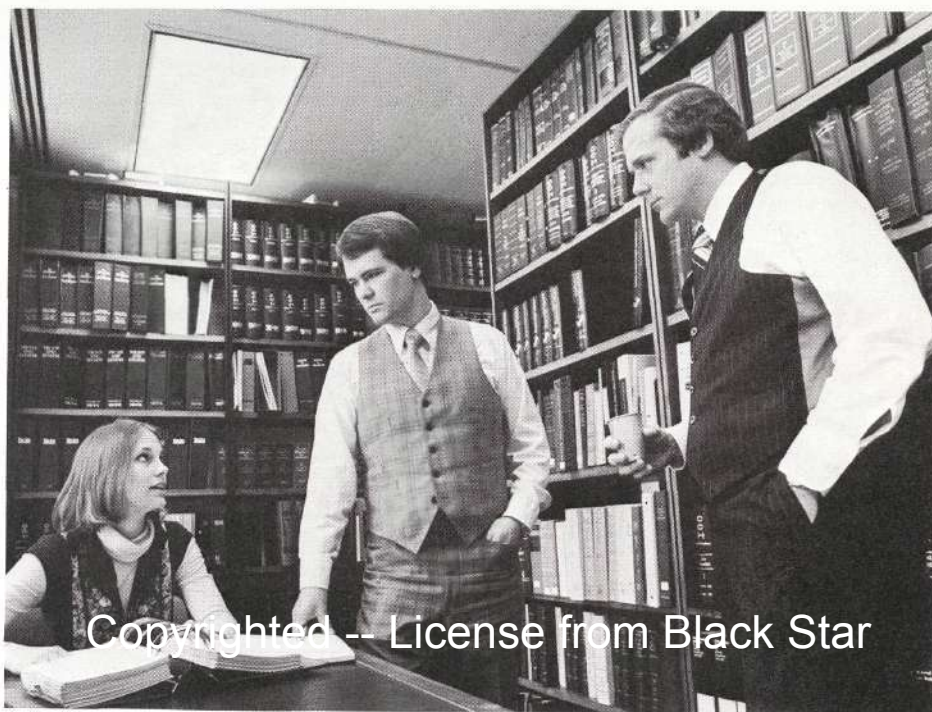
It wasn't until his final year of college that Jack was introduced to tax courses. "I knew from that point on that tax specialization was what I wanted to practice," he said. "What I didn't know was the field – accounting or law – in which I wanted to practice it." Relying on his philosophy of getting the most out of every situation, Jack decided that the best way to get experience in both fields was to get a position in the tax department of a large public accounting firm, and then go to law school part time. "By doing this," he explained, "I was able to get the technical tax experience that I needed, the exposure to public accounting that I wanted and the legal

education that I had always planned."

"At that time," Jack continued, "I believed that to be a first-class tax specialist, you had to have a law degree. My years at DH&S have changed that belief. Some of the most accomplished tax professionals that I've known are people who have never spent

a day in a law school. Les Greenberg, who heads the tax department here in Houston, is a prime example.

"This is not to say that I regret having spent the time earning my law degree. On the contrary, my legal training has been a real asset to my work because interpreting



the law is a major part of tax specialization." Rulings, court decisions, regulations, the Internal Revenue Code – all these are things with which a tax specialist has to be familiar. When trying to foresee what a court will decide on any given issue – an essential part of the tax specialist's job – the law school education is definitely helpful.

"My being a member of the bar also has been beneficial in that it's given me a common denominator with the lawyers that I'm often called upon to work with," Jack went on. "This advantage stems not so much from my knowledge of the law but from their perception of me as a colleague. I believe this has also increased my opportunities to participate in numerous bar seminars and institutes as a speaker or panel member."

Though Jack holds that his legal degree is well worth the measures it took to attain it, he also admits that his law school days were tough ones. "Unfortunately, my plan to work for a large public accounting firm didn't take shape until April of my senior year at Texas," Jack recalls. "Since all of the Big Eight recruiters had already left the campus by that time, I had to arrange for interviews on my own."

Bob Cruikshank, who now heads the Houston office, was in charge of recruiting when Jack applied to DH&S Houston. "I'll never forget receiving Jack's résumé," Bob recalled with a smile. "I didn't have to read more than three or four lines to know that I was not going to respond by letter as he had requested. I went straight to the phone and called him for an interview."

"He (Bob) was a primary reason that I came to work for DH&S," Jack responded. "I was decisively impressed by his sincerity, interest and – especially – his enthusiasm about the future of DH&S in Houston. I knew before leaving the office that I wanted to be a part of it."

Jack graduated from the University of Texas in the spring of 1969, number one in his class with a BBA degree in accounting. Immediately following graduation, he went on five months active duty as a paratrooper in the Texas National Guard. He joined the Houston office in November of 1969, but was still on reserve in the National Guard. "So,

during my first six years at DH&S," Jack said laughingly, "I was a mild-mannered tax accountant during the week and a gung-ho paratrooper on the weekend."

According to plan, Jack entered the University of Houston Law School in the autumn of 1970. Each fall thereafter he took a full course load of about fifteen class hours a week. During the busy spring season, he took only one course, to maintain contact with the school and keep abreast of new activities in the field of law. The summers were a mixture of DH&S tax specialist training courses, law school courses and military summer camps.

"I won't deny that I had to work extremely hard in those days," Jack said, "and I depended heavily on the firm and, especially, Ken Studdard (who headed the Houston tax department until last year) for backing and encouragement. Again, I was always trying to 'kill three birds with one stone.' I bunched all my law courses together so that I'd miss a minimum of time at the office. But when I had to be away at classes in the afternoon, I used to come into the office very early (sometimes 6 or 6:30 A.M.) and work through lunch to make up the time."

Jack's law school years were fraught with family responsibilities as well as academic and professional ones. Having married his high school sweetheart while still an undergraduate, he already had a wife to consider. Then, during his first law semester, his wife, Pat, gave birth to their son, Jack Gilman Vaughan. Their second child, Meredith Elizabeth, arrived two years later. "Fortunately, I was able to get through while the kids were still babies," he commented. "If they had been any older, I just wouldn't have been willing to spend that much time away from home. My wife was incredibly understanding. She supported me all the way." Jack graduated from the University of Houston Law School, first in his class, in 1974.

Because of his background, Jack often handles firm clients involved in various types of litigation requiring accounting and tax expertise. Many are people who are going through divorce proceedings. Aside from the legal questions, such cases give rise to a significant number of financial issues – alimony and tax planning, for example. "From a property standpoint," Jack said, "it's really a business transaction. Since many lawyers don't have sufficient accounting or tax experience to handle all of the financial and tax questions, they often seek the assistance of a CPA tax specialist."

Jack considers these cases to be important in several respects. From a personal

perspective, he derives a great deal of satisfaction from providing competent assistance to people who are undergoing emotional and troubled periods in their lives. The work is also beneficial in terms of practice development and exposure for the firm. In addition to the new clients obtained and the services provided, we are able to demonstrate our competence and professionalism to the attorneys and clients we are assisting and to the opposition.

"Attorneys are some of our best sources of new business," Jack said. "Their use of our services and recommendations of our people go a long way in establishing a reputation of excellence for DH&S among important potential client groups. Again, it's a matter of visibility."

When asked of his plans for the future, Jack says that he wants to continue making contributions to the growth of the Houston office – particularly to its tax department. This he intends to do through speaking, writing and developing the professional contacts that he's made throughout the city and state. In addition, he says that he wants to avoid "complacency" by moving into new areas of specialization. "If you don't change your focus from time to time," he said, "you run the risk of becoming stale."

But for Jack Vaughan, there are other futures that command as much consideration as his own. For, if there's one thing that rivals his dedication to the firm, it's his devotion to his family. He maintains that in order to excel in both personal and professional spheres, he must preserve a definite balance between the two. "I could work twenty-four hours a day if I let myself," he commented, "but I've made a personal policy of leaving my job at the office – physically, mentally and emotionally. It not only makes me and my family happier, but it makes my time at the firm that much more productive."

An avid and talented sports enthusiast, Jack spends many leisure hours swinging golf clubs, tennis racquets and baseball bats. But, without question, his favorite diversions are those pictured prominently on the shelf behind his desk. "Those two are my driving force," he said, gesturing proudly to the elfin faces of Meredith and "little Jack." "I'd rather be known for being the best father around than for any reputation that I might gain through business."

With that, Jack threw on the jacket of his gray pinstriped suit and excused himself to keep an important afterwork appointment. The Little League Yankees (for which his son plays first base) were convening for practice at six. And the team would be sorely disappointed if the coach didn't get there on time. □

Jack Vaughan (top photo, r.) confers with senior assistant Barbara Strobel and senior accountant Randy Taylor in the Houston office tax library. In bottom photo, Jack (l.) speaks with attorney J. Huey O'Toole, partner in the law firm of Boswell, O'Toole, Davis & Pickering, in front of the Harris County Family Law Center in Houston.