

1966

Washington

Anonymous

Roy Stevens

Follow this and additional works at: https://egrove.olemiss.edu/dl_hs

 Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

H&S Reports, Vol. 03, (1966 summer), p. 10-17

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.



Located three blocks northwest of the White House, the Haskins & Sells suite is in a modern office building with a view eastward of numerous other such buildings, as well as girder-skeletons that signal more to come. Similar vistas, one reflects, could be seen in the office centers of other American cities. But, beyond the irregular horizon formed by these buildings, major components of our national Government are only minutes away by taxi; many are within a short walk.

Seen in these terms, the location closely symbolizes the activity of the Washington Office of H&S. Proximity to Government has created extensive ties with Federal agencies, but growth in recent years has also stemmed from the development of a practice that today includes a cross-section of the burgeoning economic life of non-governmental Washington. In addition, the office has engagements that take members of the staff into Virginia, western Maryland, and southern Pennsylvania.

An especially notable milestone in the development of the office was its retention late in 1963 by Communications Satellite Corporation, which is constructing a global communications system. The long-range potential of this engagement was considered so great

that the Firm placed in charge of it J. Edward Robertson, who had headed the Washington Office since the start of the full-scale practice in Autumn 1957. Many analysts believe "Comsat" may become the world's largest utility in international communications. H&S services to "Comsat" are coordinated by the Executive Office, but Mr. Robertson continues to draw on the resources of the Washington Office for the audit. His successor as partner-in-charge in June, 1964, was Robert Van Arsdale, who for the previous five years had been partner-in-charge of the DPH&S Tokyo Office and had served in the Los Angeles Office for thirteen years before that.

In contact with such entities as the Internal Revenue Service, Federal Trade Commission, and the Securities and Exchange Commission, the Washington Office is both a service facility for our other offices and an arm of the Executive Office.

What is the nature of this Governmental liaison work?

"In a word, *urgent*," Mr. Van Arsdale said with a smile. "When someone sees trouble ahead, time running out—that's usually when we get the call. It could mean speeding up a decision through a visit to someone we've dealt with in the past. Or prying loose some document

that must be read now instead of being sent through the mails. Or getting hold of an otherwise routine publication that will complete a critical project. This may sometimes boil down to 'running errands.' But they're errands with important consequences."

Mr. Van Arsdale described some typical forms these calls for help may take:

□ A client's attorney must review some passage of a Securities and Exchange Commission filing. He outlines what he needs to know. Someone from the Washington Office obtains the matter from the SEC, where copies of documents bearing on publicly held securities are available. Within minutes, if necessary, Mr. Van Arsdale or his delegate returns the call. A memorandum of the discussion goes to the H&S office handling the engagement.

□ Another point of contact with the SEC is the obtaining of Letters of Comment on client filings. Questions frequently arise as to the commission's views on last-minute modifications of prospectuses and other information for securities offerings, so H&S Washington moves in to shorten the process.

□ Time-savings also result from putting together the right name for the right objective in the right niche of Government. "Who handles this?"

WASHINGTON

Small Town, after All. Business in and around the Capitol makes paths cross the way "main streets" do across the country. It's a quality of Washington that many people like. Here, our client Robert Alvord, left, of Alvord and Alvord, attorneys, chats with Richard Johnson, principal.

"Where should we send it?" "Whom should we call?" Such "routing" information is a regular function of the Washington Office.

"In a day when many people are lamenting the impersonality and the inaccessibility of large organizations," Mr. Van Arsdale commented, "we believe the personal approach to the largest organization in the world is still extremely effective. The interest and cooperation of Government personnel are of a very high order."

To illustrate his view, he recounted the case of a deadline inadvertently advanced a day.

□ Underwriters for the public sale of stock of an H&S client mailed prospectuses to the financial community one afternoon in the mistaken belief that the registration statement containing the prospectus had been filed with the SEC that morning. When this violation of SEC regulations was detected in Washington, the clock was nearing 5:30 p.m.—closing time at the SEC. It was necessary to clear an additional footnote to the financial statements with a Midwestern H&S office, and to sign an opinion and consent, and to file before the 5:30 deadline. Through H&S presence in Washington and the cooperation of the SEC, it was possible to give this emergency a happy ending.

Such "cliff-hangers" are rare in the tax services department, whose work constitutes by far the bulk of Washington Office relations with Government. Nevertheless, it has its own variety of the heightened tempo and diversity that seem to characterize Haskins & Sells Washington.

As Hugh Eggan, principal in charge, described his department:

"The calendar of experience moves ahead ten times as fast here. We encounter in a month as many complex tax problems as might ordinarily come along in a year in a practice office, because we're at the end of a pipeline into which other offices across the country are pumping their 'brain-twisters.'"

Requests above the routine transmittal of publications are called "tax assistance projects." More than a thousand were completed last year. Some were solved through a few minutes of phone conversation or a brief memo; others consumed as many as seventy

hours extending over several months. Whenever a case history is of general interest, it is published in the Firm's monthly *Tax News*. If the case relates to a specific client, consent for publication is first obtained.

Negotiations with the Internal Revenue Service involve the Washington Office as intermediary for the client of another H&S office in obtaining a formal ruling, an informal opinion, or technical advice.

"In personal conferences, we can accomplish much that correspondence would not achieve—through sounding out the status and the trend of IRS thinking," Mr. Eggan said. "The guidelines we develop are reliable only because we are in a position to evaluate directly the responses of IRS specialists."

These exchanges of views with the IRS produce a valuable byproduct: It is well known that the Service publishes rulings that seem to have a wide application, but H&S Washington frequently discovers, through conversations with IRS personnel, unpublished positions that are useful in solving problems.

Such on-the-scene perceptions affirm the judgments that have underlain the Firm's approach to Washington from the beginning. Haskins & Sells first decided, in September 1955, to explore what the nation's capital might have to offer. The mission was entrusted to Thomas J. Graves, a partner whose seventeen years with H&S had been spent in the Chicago Office. Mr. Graves is today Executive Office partner who coordinates the Firm's tax practice.

The objective of the new Washington Office was to enable H&S—as an All-Offices letter announced—"to render better services to our clients through more effective contacts with the various Governmental agencies." Mr. Graves believed this objective could best be attained by—in his words—"handling actual inquiries and problems submitted by other offices."

Assisted by one principal and a secretary, Mr. Graves began working at the frankly experimental operation—handling tax problems for other offices while pursuing his overall task of (as he recently described it) "padding around the halls of Government to see how

WASHINGTON

Our Man at the Capitol. Briefcase chock full of bills (legislative variety), William Major, staff accountant, hurries through the Capitol's corridors on one of many such missions carried out by our Washington Office at the request of other H&S offices.

They Said It Couldn't Be Done. "I've heard experts claim it's almost impossible to master a musical instrument if you've had no early training." Hugh Eggan, left, principal, set out to prove an exception to the rule, and his wife Dorothy joined him. After a year of study, they're well on the way to their goal, but don't ask for any tune in entirety except "Greensleeves."

The Finances of 'Hope.' Dr. William B. Walsh, creator of "Project Hope," reviews the financial condition of the People-to-People Health Foundation, Inc., with H&S principal Glenn Funkhouser. In the mural is the ship HOPE, bordered by faces representing the children in developing nations who have been helped by the floating hospital and medical school.





WASHINGTON

The Government, the Institute, the Firm. Lyman Bryan, left, director of the Washington Office of the American Institute of CPAs, discusses the Small Business Administration in a lounge of the National Press Club with J. Edward Robertson, H&S partner. Mr. Robertson is consultant on SBA matters for the Institute's committee on relations with the Federal Government.

A Capital Group. Some of his staff sit for their portrait around Washington Office partner-in-charge Robert Van Arsdale, center.

After Forty Years, Still Building. By the new altar of the Upper Church of the National Shrine of the Immaculate Conception, Monsignor Grady, director, and Nile J. Webb, senior accountant, scan an inventory list. Here, in August, Luci Baines Johnson will marry Patrick Nugent.

The 'Early Bird' Gets the Lift-Off. Riding piggyback on a NASA rocket, the first satellite in a commercially operated, global communications system was successfully launched on April 6, 1965. The 85-pound "Early Bird" was developed by Communications Satellite Corporation, an H&S client. *How shall the satellite be depreciated?* is just one of the many complex questions this unprecedented engagement raises.



Photo not
included
due to
copyright
restric-
tions

useful we could make ourselves.”

Eighteen months later, he judged that his mission was completed. He put his findings into a twenty-page, single-spaced memorandum that recommended, among other things, his own removal: he was a tax specialist and the office he envisioned should be headed by a partner with broader accounting experience who could devote a com-

paratively long term to the development of the practice.

“We should proceed,” Mr. Graves wrote, “with the establishment of an office that would engage in an accounting practice to the fullest extent and . . . would continue to render service to the rest of the Firm.” He further contended that “as the substance (i.e., practice) of the organization is increased,

its usefulness from a service viewpoint should increase progressively.”

He noted certain other advantages of expansion: the desirability of having a larger staff so that the know-how gathered through contacts with Government could be more readily transferred and built upon over the years; the increasing impact of Government on the national economy and the consequent



A Well Trod Path. Hugh Eggan, left, principal in charge of our Washington tax services department, leaves the Internal Revenue Service with his associate, Joe Haney, senior accountant. The Washington Office is in daily contact with the IRS on behalf of the rest of the Firm and our clients.

Business in a Domestic Setting. The Honorable Jefferson Patterson, right, former U.S. Ambassador to Uruguay, and Mrs. Patterson, clients of long standing, discuss tax matters with Richard Johnson, principal. Scene is the dining room of the Pattersons' home.

need to keep abreast of developments affecting the Firm's clients; the potential of the Washington metropolitan area as a source of expanding our practice; and the trend among prospective clients across the nation toward setting up Washington facilities and their probable attraction to a firm with a practice office there.

Management concurred, and in November, 1957, the new practice office was opened at the location that H&S Washington still occupies. Nearly a decade of operation has proved the validity of Mr. Graves' findings. The practice has increased almost four-fold in billings from what it amounted to in 1958, the first full year of operation. Tax assistance to other offices, in terms of the number of problems handled, is more than ten times greater than in 1956. Other types of Governmental relations for H&S offices are being carried out more and more. And the place of Government in the nation's business life—it is scarcely news to state—is dramatically larger.

Similarly, Washington itself has grown. In the past ten years, the population of the metropolitan area has increased approximately forty per cent. Non-governmental research and development organizations, and national professional and trade headquarters—a segment of the local economy Mr. Graves pinpointed as a most promising source of clients—total nearly 1500, double the total of ten years ago.

The man who guided the Washington Office during its first six and one-half years was no stranger to the city. J. Edward Robertson's career with H&S—then spanning twenty-five years—had been in the Baltimore Office. Many of the clients that were transferred to the new office were ones he had served.

Reflecting on the dual-mission of practice and service of the Washington Office, Mr. Robertson said:

"Because we were a practice office, we were in touch with the everyday concerns of the profession. This gave us a natural and persuasive background from which to make our contacts with officials in the Government, often involving cooperation on technical matters. Without that, you'd soon run out of reasons—except self-serving ones—to

establish a constructive relationship."

From the beginning, tax services were the dominant area of service to other H&S offices. Laurence O. Eames came from Chicago to guide this activity. Today he is a partner and tax specialist in the Firm's St. Louis Office. In 1961, Terence F. Healy took charge of the department. Four years later, when Mr. Healy moved on to become a partner in the Portland (Ore.) Office, Mr. Eggan assumed responsibility for the Washington Office tax practice.

First senior accountant of the Washington practice, serving under Mr. Robertson, was Richard Johnson. Today, as a principal, he participates in the review of all general practice work.

What is the outlook for the Washington Office?

"It's tied, of course, to the future of the Government complex in Washington and of the economy," Mr. Van Arsdale said. "Assuming these continue to grow, our practice here should grow. Putting this together with what ten years of operations have demonstrated—that the broader our practice becomes the more opportunities we discover for effective, useful Government relations—it is probable that our service work for other practice offices will continue to increase accordingly.

"We would like to reach the point where every H&S office made the fullest use of what we can produce for them and their clients."

Toward this goal, the Firm brings selected principal and staff men into the Washington Office for an eight-weeks' exposure to tax services. The program has proved effective in stimulating demand for Washington's assistance when the "visiting students" return to their home offices.

For Haskins & Sells, no story of Washington could be complete without noting that there, in 1893, our founding partners met to serve a Congressional investigating commission. Such was the mutual esteem that arose between these accountants that two years later—despite bad times for business—they were emboldened to open the Firm's original office at 2 Nassau Street, New York City. "They felt some confidence," it is recorded, "that . . . business would come to their doors."