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## Haskins & Sells, certified public accountants, A History of the origin and growth of the firm, 1895-1935

Haskins & Sells

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Haskins & Sells

1895-1935



# Haskins & Sells

CERTIFIED PUBLIC ACCOUNTANTS

A History of the Origin  
and Growth of the Firm

1895 · 1935



Privately Printed

HASKINS & SELLS

Fifteen Broad Street · New York · N. Y.

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# HASKINS & SELLS

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## *FOREWORD*

The origin of Accountancy is lost in the mists of antiquity. There is reason to believe that a system of accounting, adequate for the time, was in existence at the time of the building of the Pyramids.

At first everything pertaining to entries in books of account was known as Bookkeeping. But later there came a recognition of the difference between the applied science of bookkeeping and the science and art of accountancy—between the mechanics of properly recording and balancing and the body of knowledge and developed technique relating to classification, to presentation, to control and to audit.

In 1896, the Legislature of the State of New York gave force to this recognition when it passed the first Certified Public Accountants bill, called an act to Regulate the Profession of Public Accountants. Following New York State's lead in this matter, other states found

it advisable to pass regulatory laws, until, at the present time, every state in the Union has recognized the profession by acts dealing with the matter. In the year following the New York enactment, a group of those to whom Certified Public Accountant certificates had been issued organized the New York State Society of Certified Public Accountants, a procedure which has since been followed by Certified Public Accountants of the other states. In 1900 the New York University School of Commerce, Accounts, and Finance was established.

Few of the holders of those certificates in the early years could have foreseen the growth of the demand for publicity of corporate affairs. The creation of large corporations in the closing years of the nineteenth and the early years of this century, vastly enlarged the field of professional accountancy.

The great depressions of the past half-century have in every case been followed by revival of industry and expansion of commerce and trade to higher levels.

Forty years ago many business organizations were controlled and directed by those who had founded them, or by those to whom they had passed by inheritance. The turn of the century marked the advent of consolidations of public utility, industrial, and banking institu-

tions, and the beginning of a wide distribution of public ownership in corporations, and in this connection the services of professional accountants were called upon in increasing degree.

Among farsighted executives this shift in ownership brought about an increased realization of the responsibilities of corporate management and of its accountability to the equity and other security owners. Published annual reports became the channel for the discharge of this accountability, and as the accountancy profession developed and rose in public esteem, it was found increasingly desirable to submit the financial data in such reports to members of that profession for verification and certification as an independent assurance of the reliability of the facts presented. The members of the profession in those early days were few, and those of them who were called upon to perform these services were the pioneers in the development of the science and art of financial investigations, examinations, and audits. The practices thus inaugurated gained momentum. Particularly during the past ten years a policy of frank public disclosure has become a characteristic feature of the presentation of corporate affairs and in its train this policy has brought public accountants

into a position of greater usefulness and importance.

As a business expanded through growth or consolidation, it passed beyond the capacity of any one man or group of men to comprehend and administer it without an adequate system of accounting control. These needs developed demands for accountancy services in the devising and installing of accounting systems almost equal in importance to those of investigations, examinations, and audits. As a consequence of the successful installation of accounting control systems, there followed demands for the assistance of the public accountant in the establishment of budgetary systems as a basis for projecting and charting the course of corporate operations. It has been through these developments that the scope of the certified public accountant today is acknowledged to be much broader and more varied than that of an auditor and certifier of past transactions.

Following the cataclysm of 1929, the banking crisis of 1932 and the subsequent investigations and revelations, a growing public demand has resulted in the enactment of new regulatory legislation relating to banking, financing, and the administration of stock exchanges. The accountancy profession may justly feel that many of the features of these measures are such as the profession



has long advocated and earnestly striven to establish.

It is apparent today that many of the ideals and aspirations of the pioneers of the profession have been realized. The founders of the firm of Haskins & Sells were men of character who set high standards, and the members of the firm today are conscious of having striven to maintain those standards.

## FORMATION OF THE FIRM

The first meeting of Charles W. Haskins and Elijah W. Sells came about through their appointment as experts under what became known as the "Dockery Commission." This Commission consisted of five members and was created by Act of the Fifty-third Congress, approved March 3, 1893, to

"Inquire into and examine the status of the laws organizing the Executive Department, Bureaus, Divisions, and other Government Establishments at the National Capitol; the rules, regulations, and methods for the conduct of the same; the time and attention devoted to the operations thereof by the persons employed therein and the grade of efficiency of all such employes; whether any modification of these laws can be made to secure greater efficiency and economy, and whether a reduction in the number or compensation of the persons authorized to be employes in the State Executive Departments or Bureaus can be made without injury to the public service."

In carrying out the work for which they were retained, Mr. Haskins and Mr. Sells devised new systems of accounting for the Treasury Department and for auditing the accounts in the various departments of the United States Government, and supervised the installations.

At the conclusion of their labors the Chairman of the

Dockery Commission evidenced its satisfaction with the services received by the following testimonial, dated Washington, D. C., March 2, 1895, and addressed to Mr. Haskins and Mr. Sells:

“In concluding the work of this Commission, it affords me especial pleasure to express to you appreciation of the valuable services you have rendered.

“To your rare business capacity, and peculiar adaptation to analyzing old and formulating plans for new methods, is in great measure due the credit for the reorganization of the accounting system of the United States Government. It was in many respects the most extensive and important undertaking of the kind in the history of the country, and its success in expediting and simplifying the public business without removing any of the necessary safeguards has been fully demonstrated and attested by all of the officials affected thereby.”

Supplementing this testimonial on the part of the Commission, and when considering in retrospect the results of the labors of these experts, the Honorable Redfield Proctor, of Vermont, took occasion to say in the United States Senate, on July 15, 1894:

“In regard to the experts who were employed by the Commission: I have seen much of them and have spent a good deal of time with them in going over the details of

their recommendations. I have a very high opinion of their ability. I think the Commission was peculiarly fortunate in their selection. I confess my only surprise was that they were so very fortunate. These men are thoroughly competent, experienced, and skillfull; and have been extremely careful and conservative in their methods."

On March 4, 1895, following the completion of their services for the United States Government under the Dockery Commission, Mr. Haskins and Mr. Sells formed the firm which bears their names, established themselves in offices at No. 2 Nassau Street, New York City, for the announced purpose of offering their services to corporations, trustees, assignees, receivers, committees, courts, municipalities, etc., to make periodical and special examinations of accounts and records, investigations of affairs, reports and certificates and to introduce simple and efficient methods of accounting.

## CHARLES WALDO HASKINS

(1852-1903)

Charles Waldo Haskins was born in Brooklyn, New York, January 11, 1852.

He received his education in the private schools and

the Polytechnic Institute of Brooklyn, from which latter he graduated in 1867.

While it was the desire of his parents that he should become an engineer, his liking for accounting apparently led him to the importing house of Frederick Butterfield & Company, New York City, where he remained in the accounting department for five years.

Subsequently Mr Haskins made a tour of Europe and while there spent about two years in the schools of Paris. After his return to this country and a short period in the brokerage firm of his father, Waldo Emerson Haskins, he entered the accounting department of the North River Construction Company, then building the New York, West Shore and Buffalo Railway. Upon completion of the "West Shore," he became general bookkeeper and auditor of disbursements, in which position he remained until the road was absorbed by the "New York Central" in 1886. He then began the practice of accountancy.

During the period from 1886 to 1893, Mr. Haskins held, incident to his professional work, the offices of Secretary of the Manhattan Trust Company and Secretary of the Old Dominion Construction Company. Subsequently, in like relationship, he held positions as Comptroller of the Central of Georgia Railway; Comptroller

of the Ocean Steamship Company; Comptroller of the Chesapeake & Western Railroad; Receiver of the Augusta Mining and Investment Company.

In 1893, Mr. Haskins joined Mr. Sells in effecting, under the auspices of the Joint Commission of the Fifty-third Congress, a revision of the accounting system of the United States Government to which reference has already been made.

Mr. Haskins was active in promoting the passage, by the legislature of the State of New York, in 1896, of an Act to Regulate the Profession of Public Accountants. He was chosen first President of the Board of State Examiners of Public Accountants and received from the state the certificate awarded to those entitled under the Act to practice as certified public accountants.

Mr. Haskins was subsequently elected the first President of the New York State Society of Certified Public Accountants and was appointed the first Dean of the New York University School of Commerce, Accounts, and Finance. He was the recipient of the honorary degree of L.H.M. (Master of Letters) from the University.

The profession of accountancy today owes much to Charles Waldo Haskins. His accomplishments and the recognition which he received during his professional life

testify to his striking ability. Mr. Frank A. Vanderlip, in an address on the occasion of the unveiling of a memorial tablet in honor of Mr. Haskins by New York University, said "Two features of Charles Waldo Haskins' character stand out most clearly before me as I look back on the man and his work. First, he was filled with unselfish professional zeal; second, his eyes were turned to the future, not the past."

## • ELIJAH WATT SELLS

(1858-1924)

Elijah Watt Sells was born at Muscatine, Iowa, March 1, 1858.

He was the son of the honorable Elijah Sells, who held many government offices, among which were those of Third Auditor of the Treasury and Auditor of the Treasury for the Post Office Department under President Lincoln.

He was educated in the public schools of Des Moines, Iowa, and in Baker University, Baldwin, Kansas.

Mr. Sells' early accounting experience was gained in connection with various railroad lines as station agent,

traveling auditor, and general bookkeeper. He subsequently was cashier, paymaster, and general bookkeeper of the Chicago, Clinton, Dubuque and Minnesota Railroad, now a part of the Chicago, Milwaukee and St. Paul System; auditor of the Oregon Improvement Company; assistant comptroller of the Kansas City, Fort Scott and Memphis Railroad; secretary and auditor of the Colorado Midland Railway. During this period and immediately following, he was engaged frequently by other corporations to make special examinations of their accounts and to introduce new accounting systems, work much in the nature of public accounting.

In 1893, as heretofore stated, Mr. Sells joined Mr. Haskins in effecting, under the auspices of the Joint Commission of the Fifty-third Congress, a revision of the accounting system of the United States Government.

Mr. Sells is the only person, so far as is known, who has ever been accorded official recognition through an Act of Congress as an expert accountant. This was done by the Fifty-third Congress, at the conclusion of his labors in connection with the governmental accounts.

Mr. Sells was for two terms, 1906 and 1907, President of the American Association of Public Accountants.

He was a certified public accountant under the laws



of the states of New York, Missouri, Ohio, Colorado, Pennsylvania, Maryland, Illinois, Oklahoma, and Louisiana; and held membership in a number of state societies. He was active in the organization of the American Institute of Accountants and served at one time or another as a member of its Council and of its Executive Committee.

Among his associates Mr. Sells was noted as a deviser and developer of new methods. An instance in particular was a plan which he devised for the settlement of inter-line freight claims and which was adopted and put into use by a group of railroads in the southeastern district of the United States. Subsequently, this plan was adopted in all of its main features by substantially all of the railroads in the United States through a national organization of freight claim agents.

Mr. Sells was always keenly interested in education for the profession, and with Mr. Haskins and others participated in founding the New York University School of Commerce, Accounts and Finance.

New York University, in 1916, conferred upon Mr. Sells the honorary degree of Doctor of Commercial Science. Dr. George Alexander, Acting Chancellor, in conferring the degree said: "Elijah Watt Sells—for pre-

eminence in a department of human effort in which the prime essentials are accuracy and truth; for the prevision which prompted you to secure for accountancy academic recognition; for distinguished service rendered to local governments, and especially to the Government of the United States, both at home and abroad—I confer upon you, by authority of New York University, the degree of Doctor of Commercial Science.”

Baker University, in 1909, conferred upon Mr. Sells the honorary degree of Master of Arts.

As early as 1911 Mr. Sells sensed the need for and advocated that publicity of the financial affairs of corporations which has since developed, when he said to the convention of Associated Advertising Clubs of America in Boston “. . . Full publicity of the affairs of corporations would be beneficial not only to the public but to the corporations themselves, as the actions and investigations brought about by the public uneasiness would be largely forestalled thereby. But to obtain these results, full publicity will be necessary and the public will have to be satisfied that the figures contained in the publications are accurate. Certificates of reputable public accountants, to be made a part of such publications, will undoubtedly have an influence in attaining this end.”

He was the author of papers on various subjects, among which are "Corporate Management Compared with Government Control"; "Cost Accounting for Agricultural Implements and Vehicle Manufacturers"; "Publicity of Financial Affairs of Corporations"; "Advertising as a Business Asset"; "Advertising; an Investment or an Expense"; "The Accounting Profession—Its Demands and Its Future" and "Natural Business Year."

## FORTY YEARS OF PROFESSIONAL ACCOUNTANCY

In the forty years that have followed the founding of the firm of Haskins & Sells engagements have included services for domestic governments, states, municipalities, insurance companies, banks, trust companies, railroads, public utilities, churches, hospitals, and eleemosynary institutions, and mercantile and industrial organizations of almost every description—located not only in this country but in many foreign countries.

The first engagement executed under the partnership was in a revision of the money order system in the Post Office Department of the United States Government, in which there were established new accounting and internal audit methods and a method of protection against manipulation of the amounts of money orders, the latter of which was subsequently adopted by express companies in their issue of money orders.

One of the early Railroad engagements attracted considerable public notice as the result of the discovery by the firm of serious irregularities committed and covered up by the auditor, and his conviction was obtained on evidence produced by the firm at the trial.

The growing practice of the firm in the Middle West led to the opening of an office in Chicago on December 1, 1900. In the following year the City of Chicago retained the firm: first, for the investigation and re-establishment of the special assessment accounts of that municipality from the date of the great fire in 1871 to March 1, 1901; second, for the introduction and installation of a uniform system of accounting and audit in all the departments of the city government.

It was demonstrated that during the first year of operation the new system of accounting not only effected economies in operation but a substantial increase in miscellaneous revenues.

International expansion came through the establishment by American companies of overseas branches and connections which led to a demand for services by American accountants in foreign countries. As a consequence, an office was opened by the firm in London on April 10, 1901.

In the spring of 1905, the State of New York inaugurated investigations of the affairs and administration of the three principal insurance companies having home offices in New York City. Public hearings were held and the newspapers devoted pages to the developments. In

1906, public accountants were retained by the companies to examine into their methods and financial affairs, and to report their findings to committees of the boards of trustees. Two firms of accountants were selected to collaborate in each of the three cases, and Haskins & Sells were retained in all of them. These services did much to bring the relatively new profession of the certified public accountant to the attention and favorable notice of the public.

The struggle out of the depression caused by the financial panic in 1907 further brought the services of public accountants into demand in connection with reorganizations and consolidations.

Following the declarations of war in July, 1914, and the great increase in industrial activity in this country, resulting from orders received from the Allies, there set in a period of unprecedented business expansion in this country, in which demands for the services of public accountants assumed large proportions.

War orders from overseas, our entrance into the War and the consequent requirements for army equipment, munitions, and supplies, the Liberty Loan campaigns, the activity in the securities markets, Federal income and war taxes—all these brought unprecedented demands

for the services of independent public accountants.

In the latter part of 1917, the scope of the activities of accountants and the demand for their services were largely increased to meet the problems of corporations and individuals resulting from revision of the Federal income tax laws.

The stability and reputation of the organization brought it in contact with new activities of its old clients and developed relations with new clients. Investment bankers, investors, stock exchanges, and credit grantors were becoming more and more convinced of the desirability of independent investigations and examinations of accounts. New Federal and state income tax laws demanded more care in the preparation of financial statements.

During more recent years further impetus to the demand for the services of independent public accountants was created by the blue sky laws, by the increasingly stringent requirements for listing securities on the national exchanges and by the recent passage of the Securities Act and the Securities Exchange Act.

To keep pace with the expansion and development of its practice the firm had to build an organization capable of efficiently serving its large and growing clientele.

The selection and training of staff accountants has

always received the firm's close and constant attention, selections in recent years having been made largely from college men who enter upon the work as a career and in due course, after the requisite training, take their public accountant examinations. The rapidly growing demands for the firm's services brought about a more systematic and highly organized effort for the proper training and development of such men for public accounting work. In the course of this training they are afforded every opportunity for consultation and advice and are in close contact with the partners and principals.

The standards and ideals upon which the foundations of the firm were laid have guided its policy throughout these forty years. The success achieved and the reputation enjoyed are alone ample incentive to the present organization to endeavor to maintain those standards.



HASKINS & SELLS  
*Partners and Principals*  
UNITED STATES

*New York*

*15 Broad Street:*

Arthur H. Carter  
Arthur B. Foye  
William P. Bickett  
John R. Wildman  
William H. Bell  
Edward A. Kracke  
Leslie E. Palmer  
Andrew Stewart  
Franklin Bowman  
Howard B. Cook  
Austin R. Porterfield  
George P. Auld  
Arthur S. Vaughan  
Charles E. Morris  
Frederick C. Rohwerder  
James M. Cashin  
Gordon M. Hill  
Edward L. Carey  
Edmund A. Clarke  
John H. Garrison  
George M. Hayward  
Leslie J. Hoffman  
Murdock N. MacRae  
Raymond E. North  
Jennie M. Palen  
Vernon Thompson

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Homer A. Dunn  
Edward Fuller

*New York*

*22 East 40th Street:*

Raymond C. Reik  
Percy R. Everett  
Edmund C. Gause  
Spencer B. Stevenson  
Robert C. Morrow  
Harry L. Camp

*Chicago, Illinois:*

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Archibald F. Wagner  
Milon M. Stone  
Henry W. Welsch  
James S. Wallace  
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*San Francisco, California:*

Thomas H. Lawrence  
Aubrey C. Fullerton  
J. Wilbur Haines  
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*Los Angeles, California:*

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James K. Gregory  
Weldon Powell  
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*Atlanta, Georgia:*

Lloyd L. Tompkins

*Baltimore, Maryland:*

Charles C. Croggon  
Robert L. Reamy  
William B. Tittsworth

*Boston, Massachusetts:*

Thomas V. Barb

*Charlotte, North Carolina:*

Orion N. Hutchinson

*Cincinnati, Ohio:*

Charles R. Bowen  
Charles W. Swormstedt

*Cleveland, Ohio:*

H. Brooks Davies

*Dallas, Texas:*

Henry W. Goodson

*Denver, Colorado:*

William M. Trant  
Morris B. Kincheloe

*Detroit, Michigan:*

Cyril N. Bullock  
Harold W. Scott

*Jacksonville, Florida:*

Frederic A. Tilton  
S. George Hay

*Kansas City, Missouri:*

J. Frank Pflug  
William G. LaRue

*Milwaukee, Wisconsin:*

George H. Cheyne

*Minneapolis, Minnesota:*

Arthur W. Hauge

*Newark, New Jersey:*

W. Melville Coursen

*New Orleans, Louisiana:*

Henry J. Jumonville  
George E. Conroy

*Philadelphia, Pennsylvania:*

Païen P. Rossman  
Charles J. Drake  
Roland W. Weikel

*Pittsburgh, Pennsylvania:*

Paul W. Pinkerton  
James W. Clarke  
A. Chester Livengood

*Portland, Oregon:*

Pearce C. Davis

*Providence, Rhode Island:*

Francis E. Welch

*Saint Louis, Missouri:*

J. Harvey O'Connell  
John M. Neumayer

*Seattle, Washington:*

Fletcher O. Johnson

*Tulsa, Oklahoma:*

J. Adrian Padon  
John L. McConn

## EUROPE

### *London, England:*

Arthur M. Lovibond  
W. Harold North  
Geoffrey A. Brooke

### *Paris, France:*

Arthur M. Lovibond  
Thomas H. Koerner

### *Berlin, Germany:*

Arthur M. Lovibond  
Paul Bohus  
Dr. Carl Brauns

## ORIENT

### *Shanghai, China:*

Ralph W. Peters  
William J. Fronk

## *DELOITTE, PLENDER, HASKINS & SELLS*

GUBA

Havana

CANADA

Toronto

Montreal

MEXICO

Mexico City

SOUTH AMERICA

SOUTH AFRICA

NEW YORK, *June 1, 1935*

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*In Memoriam*

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CHARLES WALDO HASKINS	1852-1903
ELIJAH WATT SELLS	1858-1924
CHARLES STEWART LUDLAM	1866-1934
PETER WHITE	1870-1914
THOMAS NELSON WILLINS	1871-1935
RALPH THOMAS HOLLIS	1874-1922

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