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Early Days of American Accountancy

BY JAMES T. ANYON

[AUTHOR'S NOTE.—I have often been asked by accountants, who not only take a deep interest in their profession as it is understood and practised today, but love to hear something of its distant past, to write an account of the early history of the profession in this country, its beginning over forty years ago, the quality and character of the men, the nature and extent of the work they did, and of course any odd or interesting personal experiences I met with during that early period. This request has been made of me I presume because I am supposed to be the oldest practising accountant in the United States, practising I mean in a public capacity. On this point, however, I cannot make any positive statement. I have, therefore, written this account rather "by request" than for any other purpose, and I trust it may be of interest to some readers and probably in certain respects instructive.—J. T. A.]

Public accounting in this country as a profession I have reason to believe had its birth some time between the years 1880 and 1883. I have been unable to find so far the name of any firm or practitioner who posed as a public accountant prior to that period. My present firm was established in the last of those years, namely, 1883, and in writing these recollections I hope I may be pardoned if before proceeding with the subject of the profession proper and its early history, I first give a brief account of the circumstances attending the firm's formation in that year and the initial period of its existence. I wish to do this because the firm was, more or less, an important element in the profession and its development at that time.

Unlike a good many things which, after being conceived, require thought and time and calculation before completion is effected, the firm of Barrow, Wade, Guthrie & Co. was of somewhat sudden and spontaneous creation. It was founded in the year above named by Edwin Guthrie and Charles H. Wade, members of the firm of Thomas, Wade, Guthrie & Company, chartered ac-

countants of London and Manchester, England, and its formation came about in this way:

Mr. Guthrie, acting in the capacity of receiver in the case of a certain bankrupt financial concern in England, in the year named, found it necessary to proceed to this country to enquire into the value and status of certain property and assets which the bankrupt concern owned on this side. On arriving here his first thought was to find a good accounting firm which he might employ to assist him in his investigations. He made enquiries in this direction and discovered that not only was the profession of accounting as it was understood and practised on his side practically unknown in this country, but there was no such thing as a responsible accounting firm upon which he might rely for assistance in his work. His attorneys in New York informed him that he did not need accountants, and that they would attend to all matters, both legal and accounting, in his case.

A man of Mr. Guthrie's type of mind, a trained accountant and a thorough business man, saw an opportunity in this great and important business center and he at once determined to establish an accounting practice in New York, which, as far as he could then see, would be the first of its kind in this country.

In his efforts in this direction, through the good offices of his attorneys, he met a John Wylie Barrow of New York, an estimable American gentleman of culture and refinement, held in the highest esteem by all. Mr. Barrow was an actuary rather than an accountant, and when Mr. Guthrie met him, his main business was with certain British fire-insurance companies. He was employed by them to check the vouchers and certify to the clerical accuracy of the monthly statements prepared by the branches here before sending to the home offices abroad. This work constituted his only practice.

After the necessary conferences and enquiries had taken place a partnership was formed in October, 1883, by and between John W. Barrow, Edwin Guthrie and C. H. Wade, known as Barrow, Wade, Guthrie & Co., public accountants, New York, the English partners supplying the necessary expense and working capital.

The nucleus of this business was neither large nor important. It was merely the work (with some additional auditing modifications) hitherto done by Mr. Barrow for the insurance companies before referred to, together with the hopes of the members of the new firm that other matters of an accounting nature would

develop in due season. Here, then, appeared to be the first step in the beginning of the great profession of public accounting in the United States of America.

After Mr. Guthrie had finished his work and left for his home in England, the firm opened offices and commenced practice in the old Equitable building, later on moving to 45 William street, New York. Mr. Barrow took into association with him as his chief assistant one Oscar E. Morton who was, clerically speaking, a good man and had some knowledge of insurance work, but there is no evidence that his ability ran in any other direction. With this simple foundation the firm worked on in the even tenor of its way, keeping its own but gaining little, and the hopes of other matters developing, before referred to, materialized only to a very modest extent.

Business thus went on up to the spring of 1886, when the English partners were notified by cable that Mr. Barrow had died and Mr. Morton was conducting the business of the firm in his place. This news naturally came as a great shock to the others, and in the interest of the business, and to preserve and keep it intact, it was decided that Mr. Morton should be made a partner, and practically take the place and interest in the partnership of the one who had passed away. Matters thus proceeded apparently without any impairment till the early autumn of that year when certain reports reached Mr. Guthrie and Mr. Wade, which seemed to reflect somewhat on the loyalty of their new partner, and, receiving at the same time notification that it was the latter's intention to retire from the firm at the expiration of the requisite time notice, Mr. Guthrie determined to make another visit to this side and get the affairs of the firm properly adjusted.

He sailed in October, 1886, and brought me along with him to act first as a senior assistant in the New York office and later as a partner. At the time of his sailing he did not know what subsequently proved to be the case, viz., that since the death of Mr. Barrow, Mr. Morton had been doing all that was possible to get the business in his own hands, and divert from the firm to himself individually the few clients whose patronage the firm enjoyed. As stated, Mr. Guthrie was not aware of these things at the time he started, and when he presented himself at the office of the firm on the morning of October 25, 1886, he was much surprised to be accorded a very frigid reception by his partner.

As for myself, my arrival at the office on the same day turned out to be somewhat of a dramatic event.

Monday, October 25, 1886, was probably the most momentous day in my life. It was the beginning of a new career, a new existence in a new and comparatively strange country. I had left behind me old and loved associations and new ones were to start from that time. Was the future to mean success or failure? That was the question uppermost in my mind, and not possessing a particularly sanguine temperament the answer was vague and indefinite.

I started from my hotel early on the morning of the date above given to find my way to the office of the firm at 45 William street. The day was cold and gloomy and this circumstance naturally did not tend to lessen my general feeling of anxiety and loneliness. The new conditions and surroundings impressed me a good deal. Everything was strange and novel compared to the quiet northern town in England from which I had come. The activity about the streets was greater; the people seemed more alert, active and aggressive than those at home, and considering that I knew no one from one end of the country to the other, I felt a veritable stranger, almost an intruder. My anxious feelings can therefore be imagined when I entered the building of the firm in William street. I found there Mr. Guthrie conversing with Mr. Morton. Mr. Guthrie attempted to introduce me to him, but he declined to take any notice of this, and gruffly ordered me out of the office. What followed is perhaps best expressed in the language of a complaint subsequently filed by Mr. Guthrie, under the advice of his attorney, in the New York supreme court praying that Mr. Morton be restrained from doing the objectionable acts and things of which he was alleged in said complaint to be guilty.

The complaint states:

That the plaintiff Guthrie has employed in the service of said co-partnership, James T. Anyon, and has ordered him to work upon the business of the co-partnership at the place of business in William street, and that, upon the said Anyon arriving at said office to begin work, the said defendant, Morton, ordered the said Anyon to leave the office forthwith and called a policeman to remove the said Anyon, but that, at the moment when the policeman called, the said Anyon was not in the office, having temporarily left the same;

That, prior to the return of the said Anyon, the defendant locked the doors of the outer office of the firm so that he could not re-enter the office for the purpose of reporting to and talking with plaintiff Guthrie or receiving instructions from him;

That the plaintiff Guthrie having duly applied to the said defendant for the opportunity to examine the books of the firm, the same were refused to

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him, the said defendant referring him to his lawyer, whom he did not name, as his only answer, except that the said defendant did refuse to permit the said plaintiff Guthrie to examine the same.

All the said acts occurred on the 25th day of October, 1886.

And in addition thereto the defendant, Morton, did on the said day instruct the chief clerk in the office of said firm, without reference to the right of entry of either the plaintiff Guthrie or said Anyon, upon his leaving the premises, to lock the door to said office, thereby excluding the plaintiff Guthrie and the said Anyon, as well as such clients of the firm as might wish to confer with them, from the use of the said premises;

That the relations between the plaintiff and the defendant are strongly unfriendly;

That on the 26th day of October the defendant, Morton, locked the door of one of the firm's offices and has ever since prevented access thereto;

That the plaintiffs are informed and believe that the said defendant has endeavored to divert from the said firm to himself individually the clients of said firm, so that on the termination of the said firm the clients who now and have formerly been the clients of the said firm shall become his individual clients;

That the defendant be enjoined to permit the said Anyon mentioned in this complaint to act under his employment as a clerk of the said firm and to occupy during business hours, and such other hours as may be indicated by the said Guthrie, the premises occupied by the firm in William street; and further, that any other clerks and assistants who may be employed in the business of the firm by the said Guthrie the defendant is enjoined to permit to occupy the said premises and not to interfere with them in any way whatsoever.

After the exciting events of this my first day at the office of the firm as above related, and for some days thereafter, during which I was confronted with the prospect of the reappearance of the policeman and his terrors, and when, moreover, I expected that Morton might decide to use physical force to settle his troubles and objections to my presence, I never lost courage nor was I afraid. Morton was a far bigger man than I, and I could see that he was tempted often to get at me in a physical way, but fortunately he did not resort to this. And when I say fortunately, I mean fortunately for him and the good name of the firm, for I had plenty of pluck and in my inner heart had a secret feeling I would love to have had the encounter.

These difficulties and differences with Morton, involving also the settlement of the ownership of the goodwill of the business, induced Mr. Guthrie to file the complaint in the New York supreme court. In this complaint he asked, among other things, for the appointment of a temporary receiver for the firm pending the adjustment of the several matters in dispute between the partners. A decision was later rendered by the court granting the petitioner relief on all the points involved and consenting to the appointment of a receiver. This receivership lasted several months, during which all matters were settled, and Morton made

his exit and disappeared from the affairs of Barrow, Wade, Guthrie & Co. for all time.

When the disturbing influences as above related had subsided somewhat, I turned my attention to practical business matters and particularly to an enquiry as to how the profession stood in New York.

I had left on the other side a profession full of vitality, one that was looked upon as an essential element of business life, and so recognized in every section of business activity. It need not, therefore, be a matter of astonishment when I say that it was natural that I should expect in this great and progressive country to find relatively the same conditions that existed in the country I had left. A general survey of the situation, however, soon made the fact apparent that these conditions existed here only to a very limited extent, that public accounting was in its infancy and that it was little known or understood as a distinct profession.

As might be expected in such circumstances, my chief thought was to find out and become acquainted with the men then engaged in the profession, and to learn the kind and quality of work which they performed. With this object in view I sought all available sources from which I might obtain the required information. A careful examination of the city directories, a scrutiny of the advertisements in the financial papers, enquiries from the few business men with whom I had become acquainted, and finally a talk with the firm's attorneys in the hope of obtaining some enlightenment on the subject, soon satisfied me that there were very few persons engaged in the profession—no more in fact than could be counted on the fingers of one hand. There was a firm called Veysey & Veysey with a staff of two or three assistants, another practising under the name of Jas. Yalden & Co., a man named Louis M. Bergtheil, one named H. M. Tate and another who was certainly in the front rank, Geo. H. Church. In Philadelphia the late John Heins seemed to be the only representative accountant in public practice. In Boston a man named Rodney McLoughlin played a corresponding part. These, with a few others whom I had not discovered at the time, appeared to be the sole exponents and representatives in this great country of a profession that in a comparatively few years was to become so important and essential to the needs of the business world.

The next step was to put myself in communication with all these men, which I proceeded to do either personally or by letter,

pointing out to each one that I had just come to this country from the other side to join them in the conduct of the profession of accounting, that I was sure they would like to see it better known, understood and recognized by the public, and that with a view to considering what might be done to accomplish this object I suggested that it might be desirable for them to meet myself and Mr. Guthrie on a certain appointed afternoon at the firm's office, 45 William street, to discuss the matter. One and all showed the greatest enthusiasm and interest in the proposal and agreed to attend the meeting.

On the afternoon in question the gentlemen invited came at the appointed time. There were about six or seven present including Mr. Heins who had purposely travelled from Philadelphia to attend. They were not all practising accountants, but all evinced a decided interest in the subject of accounting. One of them was Colonel C. E. Sprague, president of the Dime savings bank, then at 31st street and Broadway, New York. Colonel Sprague was a lover of anything related to accounting and took a keen interest in the fortunes of the profession. Several others professed to be accountants but took no part in public practice. The situation seemed novel and at the same time interesting to those present, and a general air of expectancy was apparent.

After formal introductions to each other and to Mr. Guthrie and the passing of the usual compliments, the meeting got down to business. Mr. Guthrie was asked to take the chair and I to act as secretary of the meeting. Mr. Guthrie gladly complied and proceeded to address those present, his remarks being, in substance, as follows:

That it was a great pleasure to him to be able to visit this country again on the affairs of his firm; that it was a great privilege to him thus to have this opportunity of meeting the accountants practising in New York and other cities; that he was sorry, however, to find that the profession had not materially progressed in public recognition or in other ways since he was last here; that in England, on the contrary, the profession was on a very high plane; that it was recognized as one of the leading professions—firms, corporations, banks, railroads and other financial and commercial entities seeking the services of accountants in all phases of activity; that the efforts of practising accountants in this country should be directed toward bringing about a similar condition, and that he believed some similar institution or body to that then existing on

the other side, viz., the Institute of Chartered Accountants in England and Wales, could be started here under the regulations of which competent accountants could practise and be recognized by the public as fully qualified so to do.

It is needless to say that Mr. Guthrie's remarks were listened to with great attention, and all freely admitted that his address had given rise to new life and zest and a keener desire for greater things. The meeting then settled down to business and discussion, and finally a resolution was proposed by Mr. Heins and put to the meeting to the effect that the accountants present should form themselves into an association for the advancement and protection of the interests of the profession, and that the qualification for membership should be ability and fitness to practise in a public capacity.

This motion was seconded and it was further proposed (and I had the pleasure of making this proposal) that the name of this association should be the American Association of Public Accountants. This resolution was passed unanimously and thus came into existence in the month of December, 1886, the first organized body of professional accountants in the United States.

(To be continued)