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American Institute of Certified Public Accountants

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American Institute of Certified Public Accountants

by-laws

as amended February 20, 1969



by-laws

as amended February 20, 1969

- Objectives of the Institute adopted by Council
 - A description of the Professional Practice of Certified Public Accountants
 - Recipients of AICPA Gold Medal Award

TABLE OF CONTENTS

	<i>Page</i>
A. BY-LAWS AS AMENDED FEBRUARY 20, 1969	
ARTICLE I—NAME AND PURPOSE	1
ARTICLE II—ADMISSION TO MEMBERSHIP AND ASSOCIATION	1
Section 2.1. Members	1
Section 2.2. Requirements for Membership	2
Section 2.3. Experience	2
Section 2.4. Certificate of Membership	2
Section 2.5. Right of Member to Describe Himself as Such	2
Section 2.6. Associates	3
Section 2.7. Requirements for Association	3
Section 2.8. Certificate of Association	3
Section 2.9. Right of Associate to Describe Himself as Such	3
Section 2.10. International Associates	3
ARTICLE III—ORGANIZATION AND PROCEDURE ..	4
Section 3.1. General	4
Section 3.2. Membership	4
3.2.1. Attendance at Meetings	4
3.2.2. Voting Rights	4
3.2.3. Residence for Voting Purposes	4
3.2.4. Resolutions of the Membership	5
3.2.5. Certain Positions to Be Held Only by Members	5
Section 3.3. Council	5
3.3.1. Composition	5
3.3.2. Powers	6
3.3.3. Reports to Membership	6
Section 3.4. Board of Directors	6
3.4.1. Composition	6
3.4.2. Powers	6
3.4.3. Reports to Council	6
Section 3.5. Officers	7
3.5.1. Term of Office	7
3.5.2. President	7
3.5.3. Vice Presidents	7
3.5.4. Treasurer	7
3.5.5. Executive Vice President	8
3.5.6. Administrative Vice President	8
3.5.7. Secretary	8

	<i>Page</i>
Section 3.6. Committees	8
3.6.1. Senior Committees	8
3.6.2. Permanent Committees and Boards	9
3.6.2.1. Committee on Nominations	9
3.6.2.2. Committee on Professional Ethics ..	9
3.6.2.3. Trial Board	9
3.6.2.4. Board of Examiners	10
3.6.2.5. Committee on Admissions	10
ARTICLE IV—FINANCIAL MANAGEMENT	
AND CONTROLS	11
Section 4.1. Audit	11
Section 4.2. Committee on Audit	11
Section 4.3. Execution of Instruments on Behalf of the Institute	11
Section 4.4. Limitation of Personal Liability for Financial Loss	12
Section 4.5. Dues	12
Section 4.6. Fiscal Year	12
ARTICLE V—MEETINGS OF THE INSTITUTE	
AND THE COUNCIL	12
Section 5.1. Meetings of the Institute	12
5.1.1. Regular Meetings of the Institute	13
5.1.2. Special Meetings of the Institute	13
5.1.3. Notice of Meetings of the Institute	13
5.1.4. Resolution of the Membership by Mail Ballot	13
Section 5.2. Meetings of Council	13
5.2.1. Regular Meetings of Council	14
5.2.2. Special Meetings of Council	14
5.2.3. Mail Ballot in Lieu of Special Meeting of Council	14
5.2.4. Notice	14
5.2.5. Minutes	14
Section 5.3. General Provisions Governing Meetings	14
5.3.1. Meetings—Quorum	14
5.3.2. Meetings—Rules of Parliamentary Procedure Applicable	15

	<i>Page</i>
ARTICLE VI—ELECTION OF COUNCIL, BOARD OF DIRECTORS AND OFFICERS OF INSTITUTE	15
Section 6.1. Members of Council Directly Elected by Members of the Institute	15
6.1.1. At Least One Member of Council Directly Elected by Membership of Each State	15
6.1.2. Number and Allocation of Directly Elected Council Seats Among the States—Until 1971	15
6.1.3. Number and Allocation of Directly Elected Council Seats Among the States—In and After 1971	16
6.1.3.1. Unexpired Terms Unaffected by Reduced Allocation	16
6.1.3.2. Allocation to Be Made by Committee on Nominations	16
6.1.4. Term of Office	16
6.1.5. Number of Council Seats to Be Filled by Election	17
6.1.6. Nominations	17
6.1.7. Election	18
Section 6.2. Selection of Members of Council to Represent State Societies	18
Section 6.3. Election of Members-at-Large of Council, Board of Directors, President, Vice Presidents, and Treasurer	18
6.3.1. Election of Board of Directors	19
6.3.2. Re-election to Board of Directors	19
Section 6.4. Election of Officers—Executive and Administrative Vice Presidents	19
Section 6.5. Forfeiture of Office for Non-Attendance	19
Section 6.6. Vacancies	20
Section 6.7. Election Meeting of Council	20
 ARTICLE VII—TERMINATION OF MEMBERSHIP AND DISCIPLINARY SANCTIONS ..	 20
Section 7.1. Resignation of Membership	21
Section 7.2. Termination of Membership for Nonpayment of Financial Obligation	21
7.2.1. Termination of Affiliation of International Associate	21

	<i>Page</i>
Section 7.3. Disciplinary Suspension and Termination of Membership Without Hearing	21
7.3.1. Upon Criminal Conviction of Member ..	21
7.3.2. Upon Suspension or Revocation of Certificate	22
7.3.3. Trial Board Disciplining Not Precluded. .	22
Section 7.4. Disciplining of Members—By Trial Board ..	22
Section 7.5. Reinstatement	23
Section 7.6. Publication of Disciplinary Action	23
Section 7.7. Disciplinary Sections Not to Be Applied Retroactively	23
 ARTICLE VIII—AMENDMENTS	 24
Section 8.1. Proposals to Amend the By-Laws	24
Section 8.2. Proposals to Amend the Code of Professional Ethics	24
Section 8.3. Submission to Council via Board of Directors.	24
Section 8.4. Submission of Proposals to Annual Meeting of Institute for Discussion	24
Section 8.5. Submission to Membership by Mail Ballot . .	24
 B. DUES SCHEDULE	 25
C. COUNCIL RESOLUTIONS TO IMPLEMENT BY-LAWS	26
D. OBJECTIVES OF THE AMERICAN INSTITUTE OF CPAS	38
E. A DESCRIPTION OF THE PROFESSIONAL PRACTICE OF CERTIFIED PUBLIC ACCOUNTANTS	40
F. RECIPIENTS OF AICPA GOLD MEDAL AWARDS ..	41

BY-LAWS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AS AMENDED FEBRUARY 20, 1969

I. NAME AND PURPOSE

The name of this organization shall be American Institute of Certified Public Accountants. Its objects shall be to unite the accountancy profession in the United States as constituted by the certified public accountants of the several states, territories, possessions, and the District of Columbia; to promote and maintain high professional and moral standards within the accountancy profession; to assist in the maintenance of high standards for the certified public accountant certificate in the several states; to develop and maintain standards for the examination of candidates for admission; to safeguard the interests of certified public accountants; to advance accounting research; to develop and improve accountancy education; and to encourage cordial relations among certified public accountants practicing in the United States of America and accountants of similar status in the other countries of the world.

II. ADMISSION TO MEMBERSHIP AND ASSOCIATION

2.1. Members

Members of the Institute shall be:

2.1.1. Members of the institute at the effective date of these by-laws.

2.1.2. Persons who shall qualify for election as provided in section 2.2 of this article and shall be recommended by the committee on admissions and shall be elected by the Council.

2.2. Requirements for Membership

The following persons may qualify for election as members of the Institute:

2.2.1. Those who are in possession of valid and unrevoked certified public accountant certificates issued by the legally constituted state authorities ("state", when it appears in these by-laws, shall be understood to include the states, territories or territorial possessions of the United States or the District of Columbia), and

2.2.2. Who shall have passed an examination in accounting and related subjects satisfactory to the committee on admissions, and

2.2.3. Who shall have been in public accounting practice, on their own account or in the employ of a practicing public accountant, for not less than two years, or shall have had experience which in the opinion of the committee on admissions is equivalent to two years' public accounting practice, and at the date of application shall be engaged in work related to accounting.

2.3. Experience

All credits for experience shall be allotted by the committee on admissions, and the committee shall have discretion to determine whether or not any applicant's experience is of a nature satisfactory for purposes of these by-laws.

2.4. Certificate of Membership

Upon election each member shall be entitled to a certificate setting forth that he is a member of the Institute, but no certificate shall be issued until receipt of dues for the current year. Certificates of membership shall be returned to the Secretary upon suspension or termination of membership for any cause except death.

2.5. Right of Member to Describe Himself as Such

Members of the Institute shall be entitled to describe themselves as "Members of the American Institute of Certified Public Accountants."

2.6. Associates

Associates of the Institute shall be persons who shall qualify for election as provided in section 2.7 of this Article and shall be recommended by the committee on admissions and shall be elected by the Council.

2.7. Requirements for Association

Persons who have the qualifications described in sections 2.2.1 and 2.2.2 of this Article may qualify for election as associates of the Institute.

2.8. Certificate of Association

Upon election as an associate of the Institute each associate shall be entitled to a certificate stating that he is an associate of the Institute, but no such certificate shall be issued until receipt of dues for the current year. Such certificate shall be returned to the Council upon the suspension or termination of an associate's affiliation with the Institute for any cause except death or admission as a member of the Institute. If an associate is admitted as a member of the Institute, such certificate, as well as his membership certificate, shall be returned to the Council upon suspension or termination of his membership for any cause except death.

2.9. Right of Associate to Describe Himself as Such

Associates of the Institute shall not be entitled to describe themselves as "Members of the American Institute of Certified Public Accountants," but shall be entitled to describe themselves as "Associates of the American Institute of Certified Public Accountants."

2.10. International Associates

International Associates shall include those who were international associates on the effective date of these by-laws. Thereafter, the Council may elect, as International Associates, citizens of other countries not practicing public accounting in the United States, who shall satisfy such requirements as to age, education, experience, and examination as the Council may prescribe. The Council shall adopt rules governing the issuance and revocation of membership

certificates, and the use of descriptions indicating association with the Institute by International Associates.

III. ORGANIZATION AND PROCEDURE

This article shall govern the organization and procedure of the Institute, apart from financial management and controls regulated by Article IV.

3.1. General

The organization of the Institute shall include the members, a Council, a Board of Directors, officers, committees and staff.

3.2. Membership

The rights and powers of the membership of the Institute shall be as hereinafter defined.

3.2.1. Attendance at Meetings

Every member of the Institute shall be entitled to attend all meetings of the Institute.

3.2.2. Voting Rights

Every member, but no associate or international associate, shall be entitled to vote in person, when in attendance, upon all questions brought before duly called meetings of the Institute, and by mail ballot for the election of Council members pursuant to sections 6.1 through 6.1.7, on proposed amendments to these by-laws or to the Code of Professional Ethics as provided in Article VIII, and upon proposed resolutions of the membership as provided in section 5.1.4.

3.2.3. Residence for Voting Purposes

The state from which a member may vote shall be that indicated by his mailing address as carried in the official records of the Institute, and may be either the state in which he resides or that in which his office is located.

3.2.4. Resolutions of the Membership

As provided in section 5.1.4, the members by mail ballot may enact resolutions of the membership, not inconsistent with these by-laws, which shall be binding upon the membership, the Council, the Board of Directors, officers, committees, and staff.

3.2.5. Certain Positions to Be Held Only by Members

Only members of the Institute, as defined in section 2.1, may serve as officers of the Institute or as members of the Council, the Board of Directors, or any committee or board designated as "senior" by the Council (see section 3.6.1), or as "permanent" by these by-laws (see section 3.6.2); provided, however, that the Administrative Vice President, who need not be a member of the Institute, shall be a member of the Board of Directors.

3.3. Council

The governing body of the Institute shall be a Council.

3.3.1. Composition

The Council shall be composed of:

(.1) members of the Institute directly elected by the membership in each state in accordance with sections 6.1.1 through 6.1.7;

(.2) representatives of the recognized state societies of certified public accountants selected in accordance with section 6.2;

(.3) twenty-one members-at-large selected in accordance with section 6.3;

(.4) the President, four Vice Presidents, Treasurer, and Executive Vice President of the Institute;

(.5) all past presidents of the American Institute of Accountants, the American Institute of Certified Public Accountants, and the American Society of Certified Public Accountants who are members of the Institute; and

(.6) members of the Board of Directors of the Institute, except the Administrative Vice President, not otherwise made members of the Council.

3.3.2. Powers

The Council may exercise all powers requisite for the purposes of the Institute, not inconsistent with these by-laws or with duly enacted resolutions of the membership, including but not limited to the authority to prescribe the policies and procedures of the Institute and to enact resolutions binding upon the Board of Directors, the officers, committees, boards and staff.

3.3.3. Reports to Membership

The Council shall report to the membership annually.

3.4. Board of Directors

Between meetings of the Council, the activities of the Institute shall be directed by the Board of Directors.

3.4.1. Composition

The Board of Directors shall be composed of:

(.1) the President, the Vice Presidents, the Treasurer and the immediate past president of the Institute;

(.2) the Executive Vice President and the Administrative Vice President; and

(.3) nine present or former members of the Council elected to the Board by the Council pursuant to section 6.3, to serve for three years or until the election of their successors.

3.4.2. Powers

The Board of Directors shall control and manage the property, business, and activities of the Institute, and shall take whatever action it deems desirable for the conduct of the affairs of the Institute not inconsistent with the provisions of these by-laws, resolutions of the membership, or actions of the Council including, but not limited to, budgets approved by the Council.

3.4.3. Reports to Council

The Board of Directors shall report to the Council at each meeting of the Council.

3.5. Officers

The officers of the Institute shall be a President, four Vice Presidents, a Treasurer, all of whom shall be members in practice; and an Executive Vice President and Administrative Vice President, both of whom shall be full-time employees of the Institute.

3.5.1. Term of Office

The President, four Vice Presidents, and Treasurer shall each be elected annually by the Council for a term of one year or until the election of his successor. None but the Treasurer may succeed himself in the same office after serving a full term of one year.

The Executive Vice President and the Administrative Vice President shall each be elected by the Council to serve until the election of his successor.

3.5.2. President

The President shall preside at meetings of members of the Institute and meetings of the Council, and meetings of the Board of Directors. He may appoint committees and boards as elsewhere provided in section 3.6 of these by-laws. He may act as spokesman for the Institute and appear on its behalf before other organizations.

3.5.3. Vice Presidents

The duties of the Vice Presidents shall be those usually appertaining to the office of Vice President. One of the Vice Presidents designated by the Board of Directors shall preside at meetings of the Institute or of the Council in the absence of the President. No two Vice Presidents shall be residents of the same state.

3.5.4. Treasurer

The Treasurer shall familiarize himself with financial policies, investment policies and the accounting procedures, controls and financial reporting of the Institute, and shall consult with the Administrative Vice President and independent auditors on such matters, on which he shall advise the members of the Board of Directors and the Administrative Vice President. He shall report thereon to the Board of Directors to the extent that he

deems desirable or as the Board of Directors may direct, and shall perform such other related duties as may be assigned to him by the Council or the Board of Directors.

3.5.5. Executive Vice President

The Executive Vice President shall be a member of the Institute. He shall serve as a full-time salaried officer, to coordinate the technical activities of the Institute, to act as a spokesman for the Institute on related matters, and to perform such other services as may be assigned to him by the Council or the Board of Directors.

3.5.6. Administrative Vice President

The Administrative Vice President need not be a member of the Institute. He shall serve as a full-time salaried officer, to administer the Institute's offices and staff, to coordinate the non-technical activities of the Institute, to act as a spokesman for the Institute on related matters, and to perform such other services as may be assigned to him by the Council or the Board of Directors. He shall have the privilege of the floor at meetings of the Institute and the Council.

3.5.7. Secretary

The Administrative Vice President shall be Secretary of the Institute. He shall have the usual duties of a corporate secretary. An assistant secretary to serve in his absence who need not be a member of the Institute, may be appointed by the Board of Directors.

3.6. Committees

Except as otherwise provided by these by-laws or the Council (see section 3.6.1), the President, at his discretion, may appoint committees and boards with such duties, powers, responsibilities, and procedures as he may prescribe. The President, the Executive Vice President and the Administrative Vice President shall have the privilege of the floor at meetings of all committees and boards.

3.6.1. Senior Committees

The Council may designate any committee or board as a "senior" committee or board. The appointment by the President of

members to senior committees or boards shall require the approval of the Board of Directors. The duties, powers, responsibilities and procedures of senior committees and boards shall be as the Council may prescribe.

3.6.2. Permanent Committees and Boards

The following committees shall be permanent committees or boards of the Institute: the Committee on Nominations (see section 3.6.2.1); the Committee on Professional Ethics (see section 3.6.2.2); the Trial Board (see section 3.6.2.3); the Board of Examiners (see section 3.6.2.4); and the Committee on Admissions (see section 3.6.2.5).

3.6.2.1. Committee on Nominations

There shall be a Committee on Nominations composed of seven members of the Institute, elected by the Council in such manner as the Council shall prescribe. It shall be the responsibility of the Committee to make nominations for the offices of President, Vice Presidents, and Treasurer, the Board of Directors, and the Council, as elsewhere provided in these by-laws, and to apportion among the states directly elected Council seats pursuant to section 6.1.3.

3.6.2.2. Committee on Professional Ethics

There shall be a Committee on Professional Ethics appointed by the President, subject to the approval of the Board of Directors. The committee shall investigate potential disciplinary matters involving members and associates, initiate and conduct prosecutions before the Trial Board where the committee finds prima facie evidence of infraction of these by-laws or of the Code of Professional Ethics, interpret the Code of Professional Ethics, propose amendments thereto, and perform such related services as the Council may prescribe.

3.6.2.3. Trial Board

There shall be a Trial Board to adjudicate disciplinary charges against members and associates of the Institute pursuant to section 7.4. The Trial Board shall consist of twenty-one members in practice, seven of whom shall be elected each year by the Council from its present and former members to serve for a term of three years or until the election of their successors.

Vacancies shall be filled by the Council for unexpired terms. No member of the Committee on Professional Ethics shall be a member of the Trial Board. A quorum shall consist of a majority of the members of the Trial Board.

The Trial Board shall elect from its members a chairman and a vice chairman, the vice chairman to serve as chairman during any period of unavailability of the chairman. It shall also elect a secretary who need not be a member of the Trial Board. Such elections shall be for such terms of office as the Trial Board shall determine.

The Chairman, or vice chairman, when acting as chairman, may appoint from the members of the Trial Board a panel of not less than five members, which may, but need not, include himself, to sit as a sub-board to hear and adjudicate charges against members or associates. Decisions of sub-boards shall be reviewable by the Trial Board under such conditions and procedures as the Council may prescribe. A quorum of the sub-board shall consist of a majority of the panel so appointed.

The Trial Board is empowered to adopt rules, not inconsistent with these by-laws or actions of the Council, governing procedure in cases heard by it or any sub-board, and in connection with any application for review of a decision of a sub-board.

3.6.2.4. Board of Examiners

There shall be a Board of Examiners appointed by the President subject to the approval of the Board of Directors. It shall supervise the preparation of a uniform examination which may be adopted by the legally constituted authorities of the states in examining candidates for the certified public accountant certificate and the conduct of the grading service offered by the Institute. The Board of Examiners shall formulate the necessary rules and regulations for the conduct of its work but all such rules and regulations may be amended, suspended, or revoked by the Council. The Board may delegate to members of the Institute's staff or other duly qualified persons the preparation of examination questions and the operation of the grading service conducted by the Institute.

3.6.2.5. Committee on Admissions

The Committee on Admissions shall consist of five mem-

bers in practice, appointed by the President subject to approval of the Board of Directors for a term of three years, except that of the members first appointed one shall serve for one year, two for two years, and two for three years. It shall pass upon all applications for admission to the Institute before such applications are acted upon by the Council. The Committee on Admissions shall determine whether or not applicants possess the qualifications for election required by Article II. It may in its discretion in any case require an oral, written, or partly oral and partly written examination in addition to the examination taken by the applicant for his certificate as a certified public accountant. The Committee on Admissions shall elect a chairman and shall formulate rules and regulations for the conduct of its work, but all such rules and regulations may be amended, suspended, or revoked by the Council.

IV. FINANCIAL MANAGEMENT AND CONTROLS

The Council shall have authority to prescribe such procedures as it deems appropriate to assure adequate budgetary and financial controls. Budgets shall be prepared as the Council shall prescribe and shall be subject to its approval.

4.1. Audit

The Council shall, for each fiscal year, appoint a certified public accountant or certified public accountants to express an opinion on the financial statements of the Institute and its affiliated organizations. The financial statements of the Institute and the report of the auditor or auditors for each fiscal year shall be submitted to the members of the Institute at the annual meeting and shall be published for the information of the membership.

4.2. Committee on Audit

The President shall appoint from among the members of the Board of Directors other than the officers a Committee on Audit to make arrangements with the auditor or auditors for their examination and to review the audit report.

4.3. Execution of Instruments on Behalf of the Institute

All checks, drafts, deeds, mortgages, bonds, contracts, reports,

proxies and other instruments may be executed on behalf of the Institute by such officer or officers or employees as the Council or the Board of Directors may from time to time designate, either generally or in specific instances.

4.4. Limitation of Personal Liability for Financial Loss

No personal liability shall attach to any officer or any member of Council, the Board of Directors or any committee for financial losses resulting from the exercise of judgment, in good faith, in the exercise of his assigned duties.

4.5. Dues

The Council shall determine the annual dues which shall be paid by each member, associate and international associate in accordance with such classifications as it deems appropriate, and may require dues of a different amount for each class so created.

Dues shall be payable on or before the first day of each fiscal year of the Institute, or in such other manner as the Council shall prescribe. For new members, associates, or international associates, dues shall be apportioned to the end of the fiscal year.

No dues shall be paid by members, associates or international associates of the Institute while they are engaged in military service of the United States or its allies during war. Individual members, associates, or international associates may be excused from payment of dues for reasonable cause by the Board of Directors.

4.6. Fiscal Year

The fiscal year of the Institute shall be as the Council shall prescribe.

V. MEETINGS OF THE INSTITUTE AND THE COUNCIL

This article shall govern meetings of the Institute and of the Council. The Board of Directors shall have control of the times and agenda of Council meetings.

5.1. Meetings of the Institute

The membership shall meet and may adopt resolutions pursuant

to sections 5.1.1 through 5.1.4 and section 5.3. Meetings of the membership shall be known as meetings of the Institute.

5.1.1. Regular Meetings of the Institute

There shall be a regular meeting of the Institute within three months after the close of the fiscal year, on a date to be fixed by the Board of Directors. This meeting shall also be known as the annual meeting of the Institute.

5.1.2. Special Meetings of the Institute

The President shall call special meetings of the Institute when so requested by the Council or the Board of Directors, or upon the written request of at least two hundred members of the Institute. Special meetings of the Institute shall be held at places designated by the Board of Directors. No business shall be transacted at a special meeting of the Institute other than that for which the meeting shall have been convened.

5.1.3. Notice of Meetings of the Institute

Notice of each meeting of the Institute, whether regular or special, shall be mailed to each member of the Institute, at his mailing address, as shown on the official records of the Institute, at least thirty days prior to the date of such meeting.

5.1.4. Resolution of the Membership by Mail Ballot

A majority of the members of the Institute, assembled at any duly called meeting of the Institute at which a quorum is present, may direct that the President submit any question to the entire membership for a vote by mail. Any resolution enacted in such a mail ballot by two-thirds of the members voting shall be declared by the President a resolution of the membership and shall be binding, if not inconsistent with these by-laws, upon the Council, the Board of Directors, committees, officers and staff. Mail ballots shall be valid and counted only if received within sixty days after date of the mailing of ballot forms from the office of the Institute.

5.2. Meetings of Council

Meetings of the Council shall be governed by sections 5.2.1 through 5.2.5, section 5.3 and section 6.7.

5.2.1. Regular Meetings of Council

Regular meetings of the Council shall be held prior to the annual meeting of the Institute, and on such other dates as the Council or the Board of Directors may decide.

5.2.2. Special Meetings of Council

The President shall call special meetings of the Council when requested to do so by the Board of Directors, or when requested in writing by at least thirty members of the Council. Special meetings of the Council shall be held at places designated by the Board of Directors.

5.2.3. Mail Ballot in Lieu of Special Meeting of Council

In lieu of a special meeting of the Council the President, with the approval of the Board of Directors, may submit any question to the Council for vote by mail, and any action therein approved in writing by not less than two-thirds of the whole membership of the Council shall be declared by the President an act of the Council and shall be recorded in the minutes of the Council.

5.2.4. Notice

Notice of each meeting of the Council shall be sent to each member of the Council, at his mailing address, as shown in the official records of the Institute, at least twenty-one days before such meeting. Such notice, as far as practicable, shall contain a statement of the business to be transacted.

5.2.5. Minutes

A copy of the minutes of each meeting of the Council shall be forwarded to each member of the Council within forty-five days after such meeting.

5.3. General Provisions Governing Meetings

The following general provisions shall govern quorum and parliamentary procedure.

5.3.1. Meetings—Quorum

Two hundred members of the Institute shall constitute a quorum for the transaction of any business duly presented at any meeting of the Institute. Thirty members of Council shall

constitute a quorum of the Council. Nine members of the Board of Directors shall constitute a quorum of the Board.

***5.3.2. Meetings—Rules of Parliamentary Procedure
Applicable***

The rules of parliamentary procedure contained in Robert's Rules of Order shall govern all meetings of the Institute and of the Council.

**VI. ELECTION OF COUNCIL, BOARD OF DIRECTORS
AND OFFICERS OF INSTITUTE**

Except for such members of Council as shall hold their seats by virtue of their past or present office (see sections 3.3.1.4 through 3.3.1.6), the election of members of the Council and the Board of Directors, and officers of the Institute shall be in accordance with the provisions of this article.

***6.1. Members of Council Directly Elected by Members of
the Institute***

Members of Council directly elected by the membership in the respective states (see section 3.3.1.1) shall be elected in accordance with sections 6.1.1 through 6.1.7.

***6.1.1. At Least One Member of Council Directly Elected by
Membership of Each State***

There shall be at least one member of Council directly elected by the members of the Institute in each state having one or more persons enrolled upon the membership lists of the Institute.

***6.1.2. Number and Allocation of Directly Elected Council
Seats Among the States—Until 1971***

In addition to the elected member of the Council provided by section 6.1.1, each state, until the installation of new members of Council immediately preceding the annual meeting of the Institute in 1971, shall be represented by another elected member of the Council for each five hundred members in excess of one member as shown by the names and addresses of the membership carried on the books of the Institute as of August 31, 1965.

6.1.3. Number and Allocation of Directly Elected Council Seats Among the States—In and After 1971

Beginning with the installation of new members of the Council immediately preceding the annual meeting of the Institute in 1971, the total number of directly elected members of Council, in addition to those provided for by section 6.1.1, shall be that provided for by section 6.1.2, except as modified by section 6.1.3.1. The number of seats so fixed by section 6.1.2, but excluding those extended by section 6.1.3.1, shall be equitably allocated among the states in direct proportion to the number of Institute members enrolled from each state.

6.1.3.1. Unexpired Terms Unaffected by Reduced Allocation

No member of Council directly elected by the membership in any state shall lose his seat for the term he then serves should the allocation of that state be diminished by virtue of section 6.1.3; but no state's allocation of directly elected Council seats shall be extended by this section beyond the natural expiration of a seat's full term or its vacation by the member filling it, whichever first occurs.

6.1.3.2. Allocation to Be Made by Committee on Nominations

The Committee on Nominations shall make the allocation provided in section 6.1.3. It shall be made at five-year intervals, at least nine months prior to the 1971 annual meeting of the Institute and those annual meetings to be held each fifth year thereafter, and govern the five annual elections immediately following. It shall be based upon the membership figures and addresses carried on the books of the Institute the last day of the fiscal year immediately preceding the date of such determination.

6.1.4. Term of Office

Except as specified by this section 6.1.4, the term of office of a directly elected member of the Council shall commence when his election is announced by the President at the meeting of the Council immediately preceding the annual meeting of the Institute, as prescribed by section 6.7, and shall run until the announcement of the election of new directly elected members of

the Council at the meeting of the Council immediately preceding the annual meeting of the Institute three years after his election. If any such member of the Council shall not serve his full term, the vacancy so created may be filled pursuant to section 6.6. The term of office of any member directly elected by the members in his state to fill such vacancy shall be the remainder of the three-year term with respect to which the vacancy occurred.

No member having served for two consecutive full terms as a directly elected member of the Council shall be eligible to serve another such term until at least one year after the completion of his second consecutive full term.

6.1.5. Number of Council Seats to Be Filled by Election

The number of Council seats to be filled in a state's quota of directly elected members of the Council for any given year shall be the number of its allocation of directly elected Council seats less the number of members of the Council from that state filling such seats for terms running through that year.

6.1.6. Nominations

At least eight months prior to the annual meeting of the Institute, the Committee on Nominations shall request, from the recognized society of certified public accountants in each state for which any vacancies (see section 6.1.5) will arise in the coming year, the names of at least two suggested candidates from the state represented by such society to fill each such vacancy. The Committee shall give due consideration to the names so submitted, but shall not be required to select its nominees from among such names. In the absence of a satisfactory response from any such state society, the Committee on Nominations shall select the nominees from such state.

The Committee on Nominations shall make its nominations for directly elected members of the Council at least six months prior to the annual meeting of the Institute. Notice of such nominations shall be published to the membership by the Secretary at least five months prior to the annual meeting of the Institute. Any twenty members of the Institute from any given state for which a vacancy shall arise may submit to the Secretary independent nominations for directly elected members of the Council from that state provided that such nominations be filed with the Secretary at least four months prior to the annual meeting of the Institute.

6.1.7. Election

The Secretary shall mail to all members of the Institute in each state from which one or more members of Council are to be directly elected, at least ninety days prior to the annual meeting of the Institute, mail ballots containing the names of nominees from that state nominated by the nominating committee, and the names of nominees independently nominated, if any. Provision shall be made in such mail ballots for write-in votes. Each ballot shall contain an announcement that votes will be counted only if received by the Secretary at least forty-five days before the annual meeting of the Institute. Election of directly elected members of Council shall be determined by a majority of the votes received from each jurisdiction by that date. Mail ballots shall be counted by the Secretary, the Institute's independent auditor (appointed under section 4.1), or a committee of tellers appointed by the President, as the Council may prescribe, and such official or committee shall certify the results for publication to the membership. Persons so elected shall be notified promptly and advised to attend the initial meeting of Council prior to the annual meeting of the Institute. They shall take office as provided in section 6.7.

6.2. Selection of Members of Council to Represent State Societies

Each recognized state society of certified public accountants shall designate, in a manner it deems appropriate, an Institute member to represent it on the Council. The term of each member of the Council so designated shall commence upon notification of the Secretary by the society designating him and shall run for one year or until the designation of his successor, provided that no such member of the Council shall represent a state society for more than six consecutive years.

6.3. Election of Members-at-Large of Council, Board of Directors, President, Vice Presidents and Treasurer

Seven Institute members, without regard to the states in which they reside, shall be elected annually by the Council as members-at-large of the Council, at its meeting immediately preceding the annual meeting of the Institute, and immediately prior to the installation of the members of the Council newly elected under section 6.1, for a term of three years or until the election of their successors. At the same meeting, but subsequent to the installation of such newly elected members of the Council, including members-at-large, the Council shall elect the President, the Vice Presidents,

the Treasurer, and three members of the Board of Directors. Such members of the Board of Directors shall serve for a term of three years, or until election of their successors. Nominations for all such positions shall be made by the Committee on Nominations at least six months prior to the annual meeting of the Institute, and notice thereof shall be published to the membership of the Institute at least five months prior to such annual meeting. Independent nominations may be made by any twenty members of the Council if filed with the Secretary at least four months prior to the annual meeting of the Institute. No nominations from the floor will be recognized. A majority of votes shall elect. Nominees may be invited to the meeting at which the election is to be held and those elected shall take office as prescribed in section 6.7.

No member having served for two consecutive full terms as a member-at-large of the Council shall be eligible to serve another such term until at least one year after the completion of his second consecutive full term.

6.3.1. Election of Board of Directors

At the effective date of these by-laws, members of the Executive Committee then holding office under the previous by-laws shall automatically become members of the Board of Directors for terms corresponding to those for which they were serving as members of the Executive Committee. Thereafter three members of the Board of Directors shall be elected each year for three-year terms.

6.3.2. Re-election to Board of Directors

No elected member of the Board of Directors having served a full three-year term shall be eligible for re-election to such a term until the meeting of the Council one year after the completion of his full three-year term.

6.4. Election of Officers—Executive and Administrative Vice Presidents

Election of the Executive and Administrative Vice Presidents shall be by the Council and shall be conducted as the Council may prescribe.

6.5. Forfeiture of Office for Non-Attendance

Any directly elected member or member-at-large of Council who shall be absent from three consecutive meetings shall forfeit his seat.

6.6. Vacancies

Vacancies in the membership of Council, or in the Board of Directors, or in any of the offices of the Institute, occurring between annual meetings of the Institute, may be filled by election of replacements by the Council, either at a meeting of Council or by mail ballot, under such conditions as the Council may prescribe. If the Council should so replace a directly elected member of the Council, such interim appointment will run only until his seat is filled by direct election of the membership of his state as provided in these by-laws.

Pending action by the Council to fill a vacancy among any of the elected officers of the Institute, the Board of Directors may appoint a temporary successor to act in the capacity indicated.

6.7. Election Meeting of Council

At the meeting of the Council immediately preceding the annual meeting of the Institute, following the completion of such other business as the Council may transact, the Council shall elect new members-at-large of the Council pursuant to section 6.3. New members-at-large shall then take office, replacing those members-at-large whose terms shall have expired. Then the presiding officer shall announce the installation of members of the Council newly elected under section 6.1, at which time they shall take office, replacing those directly elected members of Council whose terms shall have expired. Election of officers, new members of the Board of Directors and others shall then be held, and each officer or members of the Board of Directors so elected shall replace his predecessor upon such election, provided, however, that the retiring President shall continue in office through the end of the annual meeting of the Institute. Remaining elections shall then be conducted.

VII. TERMINATION OF MEMBERSHIP AND DISCIPLINARY SANCTIONS

This article shall govern the termination or suspension of membership in the Institute, whether imposed as a matter of discipline or voluntarily sought; and the imposition of any lesser disciplinary sanction. As used in this Article, the terms "member" and "membership" shall be understood to include "associate" and "affiliation as an associate."

7.1. Resignation of Membership

Resignations of members shall be in writing and may be offered at any time. Actions on such resignations and applications for reinstatement of resigned members shall be taken by the Board of Directors under such provisions as the Council may prescribe. Council may make separate provision for action on resignations of members not in good standing or against whom disciplinary proceedings or investigations are pending, and on applications for reinstatement of persons whose resignation was accepted when in such classification.

7.2. Termination of Membership for Nonpayment of Financial Obligation

The Board of Directors may, in its discretion, terminate the membership of a member who fails to pay his dues or any other obligation to the Institute within five months after such debt has become due. Any membership so terminated may be reinstated by the Board of Directors, under such conditions and procedures as the Council may prescribe.

7.2.1. Termination of Affiliation of International Associate

The Council may terminate the affiliation of an International Associate in its discretion.

7.3. Disciplinary Suspension and Termination of Membership Without Hearing

Membership in the Institute shall be suspended or terminated without a hearing for disciplinary purposes as provided in sections 7.3.1 and 7.3.2, under such conditions and by such procedure as shall be prescribed by the Council.

7.3.1. Upon Criminal Conviction of Member

Membership in the Institute shall be suspended without a hearing should there be filed with the Secretary of the Institute a judgment of conviction imposed upon any member for:

- (.1) a crime defined as a felony under the law of the convicting jurisdiction;

(.2) the willful failure to file any income tax return which he, as an individual taxpayer, is required by law to file;

(.3) the filing of a false or fraudulent income tax return on his or a client's behalf; or

(.4) the willful aiding in the preparation and presentation of a false and fraudulent income tax return of a client; and

shall be terminated in like manner upon the similar filing of a final judgment of conviction.

7.3.2. Upon Suspension or Revocation of Certificate

Membership in the Institute shall be suspended without a hearing should a member's certificate as certified public accountant, or license or permit to practice as such, or to practice public accounting be suspended as a disciplinary measure by any governmental authority, but such suspension of membership shall terminate upon reinstatement of the certificate; or such membership in the Institute shall be terminated without hearing should such certificate, license, or permit be revoked, withdrawn or cancelled as a disciplinary measure by any governmental authority. The Council shall provide for the consideration and disposition by the Trial Board, with or without hearing, of a timely written petition of any member that his membership should not be suspended or terminated pursuant to this section 7.3.2.

7.3.3. Trial Board Disciplining Not Precluded

Application of the provisions of section 7.3.1 and section 7.3.2 shall not preclude the summoning of the member concerned to appear before the Trial Board or a sub-board pursuant to section 7.4.

7.4. Disciplining of Members—By Trial Board

Under such conditions and by such procedure as the Council may prescribe, the Trial Board or a sub-board thereof may, by the two-thirds vote of the members present and voting, expel a member (except as otherwise provided in section 7.4.3); or by a majority vote of the members present and voting, may suspend a member for a period not to exceed two years not counting any suspension imposed under sections 7.3.1 and 7.3.2, or may impose such lesser sanctions as the Council may prescribe on any member if:

(.1) he infringes any of these by-laws or any provision of the Code of Professional Ethics;

(.2) he is declared by a court of competent jurisdiction to have committed any fraud;

(.3) he is held by the Trial Board or a sub-board thereof to have been guilty of an act discreditable to the profession, or to have been convicted of a criminal offense which tends to discredit the profession; provided, that should the Trial Board or sub-board find by a majority vote that he has been convicted by a criminal court of an offense involving moral turpitude or enumerated in section 7.3.1, the penalty shall be expulsion;

(.4) he is declared by any competent court to be insane or otherwise incompetent;

(.5) his certificate as a certified public accountant or license or permit to practice as such or to practice public accounting is suspended, revoked, withdrawn or cancelled as a disciplinary measure by any governmental authority; or

(.6) he fails to cooperate with the committee on professional ethics in any disciplinary investigation involving him or his partner or employee by not responding to interrogatories of the committee within thirty days of their posting by registered mail, postage prepaid, to him at his last known address shown on the books of the Institute.

7.5. Reinstatement

The Council may prescribe the conditions and procedures under which members suspended or terminated under sections 7.3 and 7.4 may be reinstated.

7.6. Publication of Disciplinary Action

Notice of termination or suspension of membership in the Institute pursuant to section 7.3 or 7.4 hereof, together with a statement of the reasons therefor, may be published in such form and manner as the Council may prescribe.

7.7. Disciplinary Sections Not to Be Applied Retroactively

Sections 7.3 and 7.4 shall not be applied to offenses of wrongful conduct occurring prior to its effective date, but such offenses shall

be disciplinable under the by-laws of the Institute in effect at their occurrence.

VIII. AMENDMENTS

Amendments to these by-laws and the Code of Professional Ethics shall be accomplished in a manner consistent with this Article.

8.1. Proposals to Amend the By-Laws

Proposals to amend the by-laws may be made by any thirty members of the Council, by any two hundred or more members of the Institute in good standing, or by the Board of Directors.

8.2. Proposals to Amend the Code of Professional Ethics

Proposals to amend the Code of Professional Ethics may be made by any thirty members of the Council, by any two hundred or more members of the Institute in good standing, by the Board of Directors or by the Committee on Professional Ethics.

8.3. Submission to Council via Board of Directors

All such proposals to amend the by-laws or the Code of Professional Ethics, unless made at a meeting of the Council or the Board of Directors, shall be submitted in writing to the Board of Directors. The Board of Directors shall submit all such proposals, accompanied by its recommendation, to the Council for action.

8.4. Submission of Proposals to Annual Meeting of Institute for Discussion

The notice of the first annual meeting of the Institute, held more than three months after the approval by the Council of any such proposal, shall set forth the proposal and indicate its approval by the Council. Such proposal shall be presented to such annual meeting for discussion but not for action, by the members present.

8.5. Submission to Membership by Mail Ballot

Following such annual meeting, the proposed amendment, accompanied by a statement prepared by the Secretary summarizing the arguments presented for and against it, shall be submitted to all of the members of the Institute for a vote by mail ballot. If at

least two-thirds of those so voting approve such proposal, it shall become effective as an amendment to the by-laws or to the Code of Professional Ethics, as applicable. Mail ballots shall be considered valid and counted only if received in the Institute's principal office within sixty days from the date of mailing the ballots to the members.

B. DUES SCHEDULE

	Length of time CPA Certificate held	Rate
1. Partners or Practitioners		
Members, at the beginning of the fiscal year, engaged in public accounting practice as partners or individual practitioners.	3 years or less	\$30
	Over 3 through 6 years	\$45
	Over 6 through 10 years	\$60
	Over 10 years	\$75
2. Educators and Government		
Members whose principal occupation at the beginning of the fiscal year is employment by recognized colleges or universities or by government.	3 years or less	\$20
	Over 3 years	\$25
3. Others		
Members, at the beginning of the fiscal year, employed as staff accountants, or in industry, or other occupations not specified in paragraphs (1) and (2).	3 years or less	\$20
	Over 3 through 6 years	\$25
	Over 6 through 10 years	\$30
	Over 10 years	\$35
4. Retired		
Members, who at the beginning of the fiscal year shall have been members for at least 15 years, shall have retired from practice or other work, and have notified the Institute of these facts.		\$10
5. International Associates.		\$30

C. COUNCIL RESOLUTIONS TO IMPLEMENT BY-LAWS

The following resolutions were approved by Council at the meeting on April 30, 1968, to become effective on the same date that the membership approved the by-laws.

Under Section 2.10. International Associates

Resolved:

That the following persons may qualify for election as International Associates of the Institute:

- (a) Those who are not and have not begun the process of becoming citizens of the United States of America, and
- (b) Who have attained the age of twenty-one years, and
- (c) Who are of good moral character, and
- (d) Who have received a baccalaureate, masters or Ph.D. degree, with concentration in accounting, conferred by an accredited college or university in the United States of America or its territories, or its equivalent, and
- (e) Who have passed the Uniform Certified Public Accountant Examination in accordance with the regulations prescribed by the Board of Examiners.

(Note: This provision, proposed by the Committee on International Relations, was approved by the Executive Committee September 21, 1967. Under the proposed section 2.10, the Council may later provide for admission as International Associates of qualified accountants of other countries not practicing in the United States. The rapid increase of international practice may make such a step desirable in the best interests of the public and the Institute's membership.)

Further resolved:

That upon election each International Associate shall be entitled to a certificate stating that he is an International Associate of the Institute, but no such certificate shall be issued until receipt of

dues for the current year; and such certificate shall be returned to the Secretary upon suspension or termination of the association of an International Associate for any cause except death; and

Further resolved:

That International Associates shall not be entitled to describe themselves as "Members of the American Institute of Certified Public Accountants" or "Associates of the American Institute of Certified Public Accountants," but shall be entitled to describe themselves as "International Associates of the American Institute of Certified Public Accountants."

Under Section 3.6.1. Senior Committees

Resolved:

That the following be designated as senior committees and boards; with duties, powers and responsibilities as indicated:

1. Accounting Principles Board

Its actions shall be governed by its "charter" as previously approved by the Council.

2. Committee on Admissions

Its actions shall be governed by section 3.6.2.5 of the by-laws.

3. Board of Examiners

Its actions shall be governed by section 3.6.2.4 of the by-laws.

4. Committee on Professional Ethics

Its actions shall be governed by section 3.6.2.2 of the by-laws.

5. Professional Development Board

(1) The permanent organizational structure of the professional development project shall be a Division of the American Institute of Certified Public Accountants, occupying space at the Institute offices and using, whenever possible, general Institute services.

(2) The Professional Development Division shall be operated on a business basis, and revenues from the professional development program should cover all direct and allocated costs.

(3) The Board of Managers shall consist of five members, each appointed for a term of five years, with one member being appointed each year, and members of the Board being eligible for reappointment.

(4) The Director of the Professional Development Division shall be employed by, as well as administratively responsible to, the Administrative Vice President.

6. Committee on Auditing Procedure

The Committee on Auditing Procedure is hereby authorized to make public statements, without clearance with the Council or the Board of Directors, on matters related to auditing and reporting standards and procedures, and to provide information to assist CPAs in maintaining and increasing their proficiency in auditing.

7. Committee on Federal Taxation

The Committee on Federal Taxation is hereby authorized to make public statements, without clearance with the Council or the Board of Directors, on matters related to federal taxation, including tax legislation, tax administration, statements on the CPA's responsibilities in tax practice, and information to assist CPAs in maintaining and increasing their proficiency in federal taxation.

8. Practice Review Committee

The Practice Review Committee is hereby authorized to review specific audit reports and opinions which on their face appear to involve deviations from accepted standards; and to communicate to the accountant or accounting firm who signed the report or opinion under consideration the Committee's views or questions with respect to the report or opinion and the related financial statements. The Committee's function is to be educational, not punitive, in nature. It shall not refer any case to the Committee on Professional Ethics, nor shall any member of that Committee

be a member of the Practice Review Committee. The latter Committee shall deal with every report submitted to it on a confidential basis, and shall not communicate its views on such report to any person other than the accountant or accounting firm who signed such report, or with a corresponding state society committee which requested the advice. In no case shall the source of reports submitted to the Committee be disclosed. The Committee may advise the Accounting Principles Board or the Committee on Auditing Procedure as to problem areas requiring authoritative clarification or new pronouncements.

Under Section 3.6.2.1. Committee on Nominations

Resolved:

That at the Council meeting preceding the annual meeting the retiring president and the incoming president shall present their joint recommendations for members of the nominating committee for the current year, at least two of whom shall be members of the Council. Other nominations from the floor shall be permitted. Voting shall be by voice vote, or if requested by a majority of those present, by written ballot. A majority vote shall elect.

Under Article IV. Financial Management and Controls

Resolved:

That annual budgets and projections of revenues and expenditures for the succeeding four years shall be prepared by the Institute's staff, reviewed and modified as necessary by the Board of Directors, and submitted to Council for approval or disapproval at its meeting preceding the annual meeting; such budgets shall be in a form indicating the costs of each of the several programs and activities of the Institute; material variations from the annual budget shall be reported to the Council at its spring meeting by the Board of Directors; approval of such report shall constitute authority to continue expenditures for purposes indicated in the annual budget, as modified at the spring meeting, until a new budget for the following fiscal year is approved by the Council.

Under Section 4.6. Fiscal Year

Resolved:

The fiscal year of the Institute shall be the twelve months beginning September 1 and ending August 31.

Under Section 6.4. Election of Executive and Administrative Vice Presidents

Resolved:

At the first meeting of Council after these by-laws become effective, the Board of Directors shall recommend to the Council persons to be elected as Executive Vice President and Administrative Vice President respectively. Other nominations shall be permitted from the floor. Voting may be by voice vote, or upon request of a majority of those present by written ballot. A majority vote shall elect. Thereafter, the Executive Vice President and the Administrative Vice President shall each serve until his successor is elected.

Under Section 6.6. Vacancies

Resolved:

If a vacancy occurs in the membership of Council, or in the Board of Directors, or in any of the offices of the Institute between annual meetings of the Institute, the Board of Directors shall recommend replacements for election by Council. Voting on such replacement may be conducted by mail ballot, in which case provision shall be made for write-in votes, or at the next meeting of Council, as may appear most desirable in the circumstances. If the voting takes place at a Council meeting, nominations from the floor shall be permitted; voting may be by voice vote, or at the request of a majority of those present by written ballot; and a majority vote shall elect. In any event, persons elected to fill vacancies in the Board of Directors or any of the offices of the Institute shall serve only for the remainder of the unexpired term of the previous incumbent, or until a successor is elected.

Under Section 7.1. Resignation of Membership

Resolved:

The Board of Directors shall act on resignation of members, which shall become effective on the date of acceptance, but no action shall be taken on the resignation of a member with respect to whom possible charges are under investigation by the Committee on Professional Ethics, or against whom a complaint is pending before the Trial Board, unless the ethics committee or the Trial Board, as the case may be, recommends that such resignation be

accepted. If a person whose resignation was accepted when he was under investigation or the object of a complaint should subsequently apply for reinstatement, the Board of Directors shall not reinstate such person without the consent of the ethics committee or the Trial Board, as the case may be.

***Under Section 7.2. Termination of Membership for
Nonpayment of Financial Obligation***

Resolved:

If a person whose membership has terminated for non-payment of dues or other financial obligation shall apply for reinstatement, the Board of Directors, in its discretion, may reinstate him, provided that he shall have paid to the Institute all dues and other obligations owing by him to the Institute at the time his membership was terminated.

Further resolved:

No person shall be considered to have resigned in good standing if at the time of his resignation he was in debt to the Institute for dues or other obligations. A member submitting his resignation after the beginning of the fiscal year, but before expiration of the time limit for payment of dues or other obligations, may attain good standing by paying dues prorated according to the portion of the fiscal year which has elapsed, provided obligations other than dues shall have been paid in full.

A member who has resigned or whose membership has terminated in any manner may not file a new application for admission but may apply for reinstatement under this resolution or applicable provisions of the by-laws.

***Under Section 7.3. Disciplinary Suspension and Termination
of Membership Without Hearing***

Resolved:

(1) The membership or affiliation of a member or associate who is convicted by a court of any of the criminal offenses enumerated in section 7.3.1 of the by-laws shall become automatically suspended upon mailing a notice of such suspension, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of a judgment of conviction of such criminal offense has been filed with the Secretary of the Institute.

(2) The membership or affiliation of a member or associate who has been convicted by a court of any of the offenses enumerated in section 7.3.1 of the by-laws, and which conviction has become final, shall become automatically terminated upon mailing a notice of such termination, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of such conviction and evidence that it has become final has been filed with the Secretary of the Institute.

(3) The membership or affiliation of a member or associate whose certificate as a certified public accountant or license or permit to practice as such or to practice public accounting has been suspended as a disciplinary measure by any governmental authority shall, except as provided in paragraph (6) of this resolution, become automatically suspended upon the expiration of thirty days after mailing a notice of such suspension, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a statement of such governmental authority, showing that such certificate, license or permit has been suspended and specifying the cause and duration of such suspension has been filed with the Secretary of the Institute. Such automatic suspension shall cease upon the expiration of the period of suspension so specified.

(4) The membership or affiliation of a member or associate whose certificate as a certified public accountant or license or permit to practice as such or to practice public accounting has been revoked, withdrawn or cancelled as a disciplinary measure by any governmental authority shall, except as provided in paragraph (6) of this resolution, become automatically terminated upon the expiration of thirty days after mailing a notice of such termination, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a statement of such governmental authority showing that such certificate, license or permit has been revoked, withdrawn or cancelled and specifying the cause of such revocation, withdrawal or cancellation has been filed with the Secretary of the Institute.

(5) Notices of suspension or termination pursuant to paragraph (1), (2), (3) or (4) of this resolution shall be signed by the Secretary of the Institute and mailed by registered mail, postage prepaid, addressed to the member or associate concerned at his last known address according to the records of the Institute.

(6) The operation of paragraph (3) or (4) of this resolution shall become postponed if, within thirty days after mailing the

notice of suspension or termination, the Secretary of the Institute receives a request from the member or associate concerned that the pertinent provision shall not become operative. The request shall state briefly the facts and reasons relied upon. All such requests shall be referred to the Trial Board for action thereon by the Trial Board or by an ad hoc committee thereof consisting of at least five members appointed by the chairman of the Trial Board or vice chairman, when acting as chairman.

If the request is denied, the suspension or termination, as the case may be, shall become effective upon such denial, and the member or associate concerned shall be so notified in writing by the Secretary. No appeal to the Trial Board shall be allowable with respect to a denial of such a request by the ad hoc committee.

If the request is granted, the suspension or termination, as the case may be, shall not become effective. In such event, the Secretary shall transmit the matter to the Committee on Professional Ethics to take whatever action it considers proper in the circumstances.

A determination that paragraph (3) or (4) of this resolution shall not become operative shall be made only when it clearly appears that, because of exceptional or unusual circumstances, it would be inequitable to permit such automatic suspension or termination.

Under Section 7.4. Disciplining of Members—By Trial Board

Resolved:

(1) Any complaint preferred against a member or associate under section 7.4 of the by-laws shall be submitted to the Committee on Professional Ethics. If, upon consideration of a complaint, it appears to the Committee that a prima facie case is established showing a violation of any by-law or any provision of the Code of Professional Ethics or conduct discreditable to a public accountant, the Committee on Professional Ethics shall report the matter to the Secretary of the Institute, who shall summon the member or associate involved thereby to appear in answer at the next meeting of the Trial Board or any sub-board appointed to hear the case; provided, however, that with respect to a case falling within the scope of section 7.3, such Committee shall have discretion as to whether and when to report the matter to the Secretary for such summoning.

(2) If the Committee on Professional Ethics shall dismiss any complaint preferred against a member or associate, or shall fail to act thereon within ninety days after such complaint is presented to it in writing, the member or associate preferring the complaint may present the complaint in writing to the Trial Board; provided, however, that this provision shall not apply to a case falling within the scope of section 7.3.

The Trial Board shall make such investigation of the matter as it may deem necessary, and shall either dismiss the complaint or refer it to the Secretary of the Institute, who shall summon the member or associate involved thereby to appear in answer at the next meeting of the Trial Board or any sub-board appointed to hear the case.

(3) For the purpose of adjudicating charges against members or associates of the Institute, as provided in the foregoing paragraphs of this resolution:

(a) The Secretary of the Institute shall mail to the member or associate concerned, at least thirty days prior to the proposed meeting of the Trial Board, or any sub-board appointed to hear the case, written notice of the charges to be adjudicated. Such notice, when mailed by registered mail, postage prepaid, addressed to the member or associate concerned at his last known address, according to the records of the Institute, shall be deemed properly served.

(b) After hearing the evidence presented by the Committee on Professional Ethics or other complainant, and by the defense, the Trial Board or sub-board hearing the case, a quorum present, by vote of the members present and voting, may, in a manner consistent with section 7.4 of the by-laws, admonish, suspend, for a period of not more than two years, the member or associate against whom complaint is made, or expel such member or associate.

(c) The member or associate concerned in a case decided by a sub-board may request a review by the Trial Board of the decision of the sub-board, provided such a request for review is filed with the Secretary of the Trial Board at the principal office of the Institute within thirty days after the decision of the sub-board, and shall file with such request such information as may be required by the rules of the Trial Board. Such a review shall not be a matter of right. Each such request for a review shall be

considered by an ad hoc committee to be appointed by the chairman of the Trial Board, or its vice chairman in the event of his unavailability, and composed of not less than five members of the Trial Board who did not participate in the prior proceedings in the case. The ad hoc committee shall have power to decide whether or not such a request for review by the Trial Board shall be allowed, and such committee's decision that such a request shall not be allowed shall be final and subject to no further review. A quorum of such an ad hoc committee shall consist of a majority of those appointed. If such a request for review is allowed, the Trial Board shall review the decision of the sub-board in accordance with its rules of practice and procedure. On review of such a decision the Trial Board may affirm, modify or reverse all or any part of such decision or make such other disposition of the case as it deems appropriate. The Trial Board may by general rule indicate the character of reasons which may be considered to be of sufficient importance to warrant an ad hoc committee granting a request for review of a decision of a sub-board.

(d) Any decision of the Trial Board, including any decision reviewing a decision of a sub-board, shall become effective when made, unless the Trial Board's decision indicates otherwise, in which latter event it shall become effective at the time determined by the Trial Board. Any decision of a sub-board shall become effective as follows:

(i) Upon the expiration of thirty days after it is made, if no request for review is properly filed within such thirty-day period;

(ii) Upon the denial of a request for review, if such a request has been properly filed within the thirty-day period and is denied by the ad hoc committee; and

(iii) Upon the effective date of a decision of the Trial Board affirming the decision of a sub-board in cases where a review has been granted by the ad hoc committee.

Under Section 7.5. Reinstatement

Resolved:

(1) At any time after the publication in *The CPA* of a statement of the case and decision, the Trial Board may, with respect to a case heard by it, initially or on review of a decision of a sub-board,

and the sub-board may, with respect to a case heard by it in which its decision has become effective without a review by the Trial Board, by a two-thirds vote of the members present and voting, recall, rescind or modify such expulsion or suspension, a statement of such action to be published in *The CPA*.

(2) (a) Should a judgment of conviction or an order of a governmental authority on which the suspension or termination of membership or affiliation of a member or associate was based under section 7.3 of the by-laws be reversed or otherwise set aside or invalidated, such suspension shall terminate or such member or associate shall become reinstated, when a certified copy of the order reversing or otherwise setting aside or invalidating such conviction or order is filed with the Secretary of the Institute, who shall refer the matter to the Committee on Professional Ethics for whatever action it deems appropriate.

(b) A member or associate who has been suspended or expelled by the Trial Board pursuant to section 7.4 of the by-laws may request that the suspension terminate or request reinstatement if a judgment of conviction, an order in finding of court or an order of the governmental authority, on which the suspension or expulsion was based has been reversed, or otherwise set aside or invalidated. Such request shall be referred to the Committee on Professional Ethics which, after investigating all related circumstances, shall report the matter, with the Committee's recommendation, to the Trial Board. Whereupon the Trial Board may, by a majority vote of the members present and entitled to vote, terminate the suspension or reinstate such member or associate, after according him such hearing, if any, as may be appropriate.

(c) Except as provided in subparagraphs (a) and (b) of this paragraph (2), a member or associate whose membership or affiliation has been automatically terminated under section 7.3, or who has been expelled by the Trial Board or a sub-board, or whose resignation has been accepted by the Trial Board, an ad hoc committee thereof or a sub-board, may, at any time after three years from the effective date of such termination, expulsion or acceptance of resignation, request reinstatement of his membership or affiliation. Such request shall be referred to the Committee on Professional Ethics, which, after investigation, shall report the matter, with the Committee's recommendation, to the Trial Board. Whereupon the Trial Board may reinstate such member or associate on such terms and conditions as it shall determine to be appropriate. If an application

for reinstatement under this subparagraph is denied, the member or associate concerned may again apply for reinstatement at any time after two years from the date of such denial.

Under Section 7.6. Publication of Disciplinary Action

Resolved:

When the membership or affiliation of a member or associate of the Institute is suspended or terminated under section 7.3 or 7.4 of the by-laws, a statement reporting such suspension or termination and the basis therefor shall be published in *The CPA*. In the case of a suspension or termination pursuant to section 7.3 of the by-laws, such statement shall be in a form approved by the chairman of the Trial Board or the vice chairman when acting as such, and shall disclose the name of the member or associate concerned unless the chairman or vice chairman decides that the name be omitted. In case of a suspension or termination pursuant to section 7.4 of the by-laws, the Trial Board or sub-board hearing the case shall decide, by a majority vote of the members present and voting, whether the statement of the case and the decision to be published shall disclose the name of the member or associate involved. A statement of the case and the decision of the Trial Board or sub-board hearing the case shall be prepared by a member or members of the Trial Board or the sub-board, as the case may be, under a procedure to be established by such Trial Board or sub-board, and the statement and decision, as released by the Trial Board or sub-board, shall be published in *The CPA*. No such publication shall be made until such decision has become effective.

D. OBJECTIVES OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Note: The following statement of the Institute's objectives reflects a series of actions by Council over the last decade. The objectives set forth here supplement, or in some cases amplify, the opening paragraph of the by-laws devoted to the purposes of the organization.

- To sustain itself as an organization of distinction by the wide participation of its members, by the intense and creative involvement of the best of the profession in Institute affairs, and by an exceptional quality of staff performance.
- To adopt a form of organization best designed to meet the needs of all its members both in and out of practice.
- To engage a full-time staff of sufficient size and competence and to organize their efforts—both in terms of direct staff work and assistance to committees, so that the organization can move with speed and precision to strengthen continually its service and its leadership.
- To perform in a manner which will persuade all parties at interest—government, financial institutions, the business community, universities and the public generally—to accept the organization as the authoritative source of principles and procedures in its field.
- To promote improvements in financial reporting by seeking to eliminate variations in reporting practices which are not justified by substantial differences in circumstances.
- To communicate effectively to the public, as well as to all levels of government, in regard to matters of concern to the profession.
- To produce valuable, new knowledge in its field through research and experimentation, the analysis and synthesis of experience, and the development and adaptation of new techniques.
- To identify those areas in society where the need for the CPA's attest function exists and to assist its members in equipping themselves to perform the attest function wherever a useful social purpose would be served.

- To maintain surveillance over practice in the interest of promoting high standards of performance by the profession and public confidence in its work.
- To promote the adoption of uniform, nationwide standards governing the issuance of CPA certificates, recognition of qualified accountants of other countries, and freedom of movement in interstate and international accounting practice.
- To serve as a constructive force in improving education for the profession and, ultimately, all business education.
- To encourage a continuous restatement of those areas of knowledge and technical competence required by the CPA in his present and prospective professional practice, and a clarification of the responsibilities appropriate to universities, practitioners and professional societies in the education and training of CPAs.
- To maintain a high level of quality in its publications and in its program of professional development, and thus to aid its members in discharging their commitment as professional men to a lifetime of study and self-improvement.
- To coordinate, on a voluntary basis, the plans, programs and activities of the state societies and of the Institute, with particular emphasis on the adoption of uniform codes of professional ethics and enforcement procedures.
- To cooperate fully with all organizations of accountants, both at home and abroad, to the end that the entire accounting function can make its maximum contribution to the public good.
- To encourage every eligible CPA, in furtherance of his personal development and in fulfillment of his professional obligations, to become a member of both his state society and the Institute.
- To encourage all CPAs to perform a wide range of services in the broad field of accounting consistent with their professional competence and their ethical responsibilities. (*Refer below to "A Description of the Professional Practice of Certified Public Accountants" which was approved by Council in 1966 as an official statement of Institute policy.*)

E. A DESCRIPTION OF THE PROFESSIONAL PRACTICE OF CERTIFIED PUBLIC ACCOUNTANTS

Certified Public Accountants practice in the broad field of accounting.

Accounting is a discipline which provides financial and other information essential to the efficient conduct and evaluation of the activities of any organization.

The information which accounting provides is essential for (1) effective planning, control and decision making by management, and (2) discharging the accountability of organizations to investors, creditors, government agencies, taxing authorities, association members, contributors to welfare institutions, and others.

Accounting includes the development and analysis of data, the testing of their validity and relevance, and the interpretation and communication of the resulting information to intended users. The data may be expressed in monetary or other quantitative terms, or in symbolic or verbal forms.

Some of the data with which accounting is concerned are not precisely measurable, but necessarily involve assumptions and estimates as to the present effect of future events and other uncertainties. Accordingly, accounting requires not only technical knowledge and skill, but even more importantly, disciplined judgment, perception and objectivity.

Within this broad field of accounting, certified public accountants are the identified professional accountants. They provide leadership in accounting research and education. In the practice of public accounting CPAs bring competence of professional quality, independence, and a strong concern for the usefulness of the information and advice they provide, but they do not make management decisions.

The professional quality of their services is based upon the requirements for the CPA certificate—education, experience and examination—and upon the ethical and technical standards established and enforced by their profession.

CPAs have a distinctive role in examining financial statements submitted to investors, creditors and other interested parties, and in expressing independent opinions on the fairness of such statements. This distinctive role has inevitably encouraged a demand for the opinions of CPAs on a wide variety of other representations, such as compliance with rules and regulations of government agencies, sales statistics under lease and royalty agreements, and adherence to covenants in indentures.

The examination of financial statements requires CPAs to review many aspects of an organization's activities and procedures. Consequently they can advise clients of needed improvements in internal control, and make constructive suggestions on financial, tax and other operating matters.

In addition to furnishing advice in conjunction with their independent examinations of financial statements, CPAs are engaged to provide objective advice and consultation on various management problems. Many of these involve information and control systems and techniques, such as budgeting, cost control, profit planning, internal reporting, automatic data processing, and quantitative analysis. CPAs also assist in the development and implementation of programs approved by management.

Among the major management problems depending on the accounting function is compliance with tax requirements. An important part of the practice of CPAs includes tax planning and advice, preparation of tax returns, and representation of clients before government agencies.

CPAs also participate in conferences with government agencies such as the Securities and Exchange Commission, and with other interested parties, such as bankers.

Like other professional men, CPAs are often consulted on business, civic and other problems on which their judgment, experience, and professional standards permit them to provide helpful advice and assistance.

The complexities of an industrial society encourage a high degree of specialization in all professions. The accounting profession is no exception. Its scope is so wide and varied that many individual CPAs choose to specialize in particular types of service.

Although their activities may be diverse, all CPAs have demonstrated basic competence of professional quality in the discipline of accounting. It is this which unites them as members of one profession, and provides a foundation for extension of their services into new areas.

F. AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GOLD MEDAL AWARDS

1944—J. Harold Stewart
George Oliver May
William A. Paton

1945—Victor H. Stempf
E. L. Kohler
W. W. Cooper

1946—Arthur H. Carter
Maurice E. Peloubet

1947—T. Coleman Andrews

1948—Edward A. Kracke
N. Loyall McLaren

1949—Hiram T. Scovill
Robert H. Montgomery

1950—(No Award)

1951—(No Award)

1952—Samuel J. Broad
Percival F. Brundage

1953—Carmen G. Blough
Mark E. Richardson

1954—Maurice H. Stans

1955—Saul Levy
Lloyd Morey

1956—J. S. Seidman

1957—William B. Franke
Arthur B. Foye
Donald P. Perry

1958—Marquis G. Eaton

1959—Paul Grady

1960—George D. Bailey

1961—John L. Carey
J. A. Phillips

1962—Alvin R. Jennings

1963—(No Award)

1964—Thomas W. Leland
Andrew Barr

1965—Thomas G. Higgins

1966—Louis H. Penney

1967—Clifford V. Heimbacher
Robert E. Witschey

1968—John W. Queenan

1969—Herman W. Bevis