1981

People in DH&S: James R. Cummings

Anonymous

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

Part of the Accounting Commons, and the Taxation Commons

Recommended Citation
DH&S Reports, Vol. 18, (1981 no. 2), p. 09-14
When Jim Cummings was growing up in East St. Louis, Illinois, a city he describes as, "a pretty rough place at that time," his boyhood dream was to become a stock-car driver. "I was really crazy about cars then," Jim recalls, "and thought there could be nothing more exciting than driving a stock car."

By the time Jim reached high school his interests had changed. Influenced by an uncle who was an accountant, Jim enrolled in a bookkeeping course and was only one of two males in the class. "It was kind of unusual for a boy to take bookkeeping back in those days," Jim remembers, "but I really enjoyed working with debits and credits. I also took a typing course in which I was the only male student, and that too was to my advantage."

Now, with high school some thirty years behind him, Jim is the firm's national industry director for energy resources and partner in charge of the tax department in the Denver office. "It's funny how things worked out," he says. "I
Richard E. Block (l.), DH&S alumnus and manager of several ventures, all DH&S clients, explains the history of the Porter/Coors Mansion to Jim Cummings while they tour the rear garden. The ventures deal in real estate in Colorado, Hawaii and South Dakota, and in the oil and gas industry. One of the ventures purchased the Porter/Coors Mansion, an historical site, and restored it to its original state.

"I didn't realize it then, but I should have thanked my uncle for being an accountant."

When asked if he regrets missing out on the excitement of stock-car racing, Jim laughs and says, "You know, being an accountant, particularly a tax specialist involved in energy resources, may not sound very exciting, but it is certainly satisfying and rewarding. Although the firm has several large oil and gas clients including Aramco, Hamilton Brothers, Champlin and MAPCO, we are still working hard to let others know of our extensive experience in the industry. Oil and gas is one of the key industries affecting the economic well-being of the country today. Over the next ten years the energy companies are going to have to continue to find and develop resources in order to keep the country secure both from economic and national security standpoints."

Jim has been involved with energy resources for more than two decades. After finishing high school, he worked for a year and a half as an accounting clerk for Laclede Steel Company in St. Louis before joining the Air Force.

"I was stationed in San Antonio for basic training," Jim says. "From there, I was assigned to Colorado Springs as a clerk typist for a year before being moved to the Philippines for eighteen months. My final year was in Kansas City. After my discharge from the Air Force, I married my wife Judy and moved to Tulsa where I enrolled in the University of Tulsa to get my BS degree in accounting." While in college, Jim was the recipient of the Alpha Kappa
Psi Scholarship Award, the Oklahoma Society of CPAs Scholarship Award and the Deloitte Haskins & Sells Foundation Award. “I finished school in three years by going to classes during the summer,” Jim continues, “and first joined the Tulsa office of DH&S on a part-time basis during my last year of college. Before that I held part-time jobs as a checker in a supermarket and as a night poster of checking accounts in a bank.”

Jim graduated from college in 1961 and became a member of the Tulsa office staff. He sat for the CPA exam in July 1961 and was awarded a gold medal from the Oklahoma Society of CPAs for attaining the highest exam grade in the state, and an Elijah Watt Sells certificate of high distinction.

“I first became involved in the energy field by working on oil and gas company engagements for the Tulsa office, where you could be called on to provide accounting, auditing, tax and MAS services. It was this exposure to all aspects of the accounting profession that helped me realize that I wanted to specialize in tax. I transferred to the Chicago office for a year to get specialized tax training and then returned to the Tulsa office, where I remained for two years before moving to Denver as a manager in 1968.

“When I arrived in Denver, Trend Exploration, owned mainly by Tom Jordan, was a major oil client. Tom is no longer involved with Trend, but is still a client of ours. In the early 1970s Trend hit it pretty big in Indonesia and later was acquired by a Canadian company. Tom went on to establish a successful winery, the Jordan Vineyards, in California. His first vintage, a 1976 Cabernet Sauvignon, has been served at official White House dinners and was served at the victory party the night President Reagan was elected.

“Since 1968,” said Jim, who was admitted to the firm in 1972, “we have become heavily involved in the

Denver manager Barbara S. Graham and partner Stephen V. Conrad (c.), the firm’s national industry coordinator (tax) for the oil and gas industry, discuss material in Energy Executive Briefs with Jim Cummings. Energy Executive Briefs is published monthly by the Denver office to keep clients abreast of developments in the oil and gas industry and to outline how DH&S is responding.
Shown here in front of plaques representing companies that support Denver's prestigious Petroleum Club are Jim Cummings (l.), Bob Haynie (c.), the newly elected president of the club, and Denver partner Francis M. Ricci. Jim recently completed a three-year term on the club's board of directors and was succeeded by Francis.

Jim recently completed a three-year term on the club's board of directors and was succeeded by Francis. Jim is working hard with the other members of the energy resources national industry group to give the firm more exposure in the oil and gas industry. Last year the industry group cosponsored a well-attended national seminar called "New Developments in Federal Energy Programs—Synthetic Fuel and Windfall Profit Tax" with the Houston law firm of Akin, Gump, Hauer & Feld. More than 150 businessmen and forty DH&S people.

Oil and gas industry in Denver. In addition to Hamilton Brothers, some of our other major clients include Kenai Oil & Gas, Incorporated, a subsidiary of Kenai Corporation, which is listed on the American Stock Exchange; Wichita Industries, also on the American Stock Exchange; and probably twenty or so over-the-counter companies. Denver is a hot market now for new issues called 'penny stocks,' generally sold for under one dollar. We represent several of these companies, which are fairly small, although a number of them are already growing rapidly. We also do tax work for several large Canadian firms that have opened offices in Denver, such as Coseka Resources and Turbo Resources. These firms are primarily involved in oil and gas, but there are some of them responsible for the construction of new office buildings in Denver.

"All things considered," Jim says, "our work in the oil and gas industry represents a significant proportion of the office's revenue, resulting in Denver having the largest domestic oil and gas practice for the firm."
attended the one-day seminar. In addition to the technical sessions, the participants had the opportunity to hear from two key federal legislators, Oklahoma Senator David L. Boren and Representative Charles Wilson of Texas. Senator Boren is a member of the Senate Finance Committee and Representative Wilson is a member of the House Appropriations Committee.

"The favorable response to that seminar was so overwhelming," Jim continues, "that we are planning to hold another one in the future. In addition, our MAS people from Tulsa, Houston and Denver are planning a series of seminars to be called Information Management for Oil and Gas Executives. These will be one-day seminars to explain to oil and gas companies how to determine whether or not they need to computerize, and, if so, how to go about selecting the right computer for their needs."

Other projects mentioned by Jim that have been instrumental in making the firm name well known in the oil and gas industry are the staff-training programs and publications such as Energy Executive Briefs, a regular newsletter, and The Crude Oil Windfall Profit Tax: An Analysis, a special booklet. "One of the complaints we've heard from the oil and gas companies is that they don't want to have to train people in the accounting and tax rules of the industry. Another concern is that people new to the industry are not familiar with its terminology. Well, we don't have that problem at DH&S. We have initial and advanced training programs for our people working on engagements in the oil and gas industry."

"As I've mentioned," Jim continues, "other pluses in our favor are our publications. We started Energy Executive Briefs about a year ago, and our mailing list is still growing. In the monthly newsletter we report on new developments in the energy field and then explain and comment on them. We've been told that our booklet, The Crude Oil Windfall Profit Tax: An Analysis was the best of those put out by various firms on the subject."

Jim stresses, though, that "the most effective way to spread the word about DH&S is through personal contact. "We strongly urge our professionals to get involved in committee work in the industry associations to show our clients and prospective clients that we are interested in their industry are on top of the issues, and are there to help resolve and clarify those issues for our clients." As a prime example, Jim cites the recently enacted Windfall Profit Tax. "In my opinion," Jim says, "that was probably the worst piece of tax legislation ever passed. I'm not only talking about the fact that the tax is taking away the funds needed for the development of oil and gas properties in the United States, but about the very way the law was written. The administrative nightmares it has caused are horrendous. For instance, every oil purchaser is supposed to file a form with the Internal Revenue Service and then send a copy of it to the person from whom he's purchased the oil. If the person from whom the oil is purchased is disburse the proceeds of the oil to another party, then he also has to file a form with the IRS and then send a copy of it to the other party to whom he's disbursed the proceeds. If that other party happens to be a partner, then another form for each partner has to be filed with the IRS by that partnership and copies of the form must be sent to each partner. Each partner must then file his own individual forms with the IRS. It's sort of like sending chain letters. There is one company here in Denver that is heavily involved in the oil and gas drilling fund business. It has literally thousands of partners and many partnerships. It has estimated that it would have to file two million of these forms both with the IRS and all of the partners. There are numerous computations to be made on these forms and the computer programming time that some of the major oil companies had to spend trying to get set up for this was just unbelievable. The time amounted to several man-years rather than hours, days or months."

"The IRS is doing its best to keep the administrative paper work down as much as possible, but its hands are tied. We sent a letter to the IRS stating that, 'the reporting requirements were causing great concern among members of both the oil industry and the accounting profession.' We said that, 'as we entered the first windfall profit tax compliance season, many affected oil companies were being overwhelmed by both the cost and time elements associated with the strict compliance. More and more it appears grossly inequitable that one industry should be so burdened by the administrative requirements of a tax unique to that industry.' Well, our comments were heard and accepted. I received a telegram recently from the Independent Petroleum Association of America (IPAA) saying that it was establishing a task force on windfall profit tax simplification to work with the IRS and Congress. The IPAA further stated that the IRS and congressional aides were eager to provide the necessary simplification. We are hoping they will come up with at least some administrative remedies and new legislation that will assist in simplifying matters. Until that time comes, we will continue to help our clients comply with the filing of returns and reports. In addition, our tax, audit and MAS people are helping clients establish individualized systems for coping with the tax." Jim, a member of the IPAA, was recently named to serve on the task force.

Aside from trying to get Congress to simplify the Windfall Profit Tax, other future efforts to be made affecting the oil and gas industry, according to Jim, are moves by the industry to stop the depletion rate for independent producers from dropping any further. "The depletion rate was 22 percent up until this year," Jim explains, "and has currently been lowered to 20 percent for 1981. It's supposed to taper off at 15 percent and the industry believes this will hinder development. There will also be moves on behalf of some who are anti-oil to do away with the deduction of drilling costs for drilling a well, but I don't think any of these issues will be resolved or passed through Congress this year."
my job." Jim recalls a large number of people who, over the years, have helped and influenced him in his career. "I would hesitate to mention the names," Jim says, "for fear of leaving someone out, but there are two, who are no longer with the firm, that I will mention. One was Presley S. Ford, Jr., partner in charge of the Tulsa office when I joined the firm. Pres was perhaps the only person I knew who was both a tax and accounting expert. He taught me to be a professional. The second is Harold J. Corwin, now deceased, who was the partner in charge of the tax department when I transferred to Denver. Hal taught me how to be a tax man. He was a tough guy to please, but he taught me a great deal."

Because of the complicated tax laws involved in the oil and gas industry, DH&S works closely with several law firms in Denver including Davis, Graham & Stubbs. Jim Cummings (l.) is seen here discussing some of those tax laws with Robert S. Rich, a partner in Davis, Graham & Stubbs.

On the local and national level, Jim is a well known and active member in several professional organizations and industry associations. He spends about a thousand hours a year on industry activities, including serving on committees. He recently completed a three-year term on the board of directors of Denver's Petroleum Club and a one-year term as the club's secretary/treasurer. He is a member of the taxation committee of the IPAA and has served as the chairman of the taxation committee for the Petroleum Accountants Society on the local level and as a member on the national level. In the Colorado Society of CPAs, Jim is a past vice president and director and has served on the Society's taxation, fee review and legislation committees. He was also a member of the Financial Accounting Standards Board changing prices mining task force.

For the past ten years, Jim has also been a member of the taxation committee of the Colorado Association of Commerce and Industry. Ray Kimball, president of the Association, told DH&S Reports that he relies heavily on Jim. Jim and Ray work closely together considering pending tax legislation to maintain a healthy tax climate in Colorado. "The association is indebted to Jim and to DH&S for all of the help and good advice they have given us," Ray said. "Jim knows the intricacies of the business and his input has a broad impact on legislation. He always gives his best. He has set an example of excellence in business in Denver and, in doing so, has greatly contributed to the economic growth of Colorado."

Another of Jim's associates, Robert S. Rich, partner in the Denver law firm of Davis, Graham & Stubbs, remarked that Jim is known as "Mr. Tax" in Denver. "He's a thorough man and extremely qualified in his field," Bob said, "but he does have one character flaw—he's too modest!"

Jim's reply to Bob's accusation of being too modest is, "I'm just doing my job." On occasion, Jim's work schedule can become quite hectic, but he enjoys it because it still provides him with the time he wants for his family and personal and recreational activities. "I'm called away from the office on short trips, I attend firm and industry meetings, and generally divide my time between the tax department and the energy resources group. My day might start at 6:00 A.M. or 9:00 A.M. depending on my schedule for that particular day or client needs. In fact," Jim mentions, "having a schedule such as this reminds me of when I was in college. My wife and I were married a year when our daughter Judy Ann was born. Once the baby came, my daily schedule was to get up at 5:00 A.M. to go get my wife's grandmother so she could babysit. Then I'd take my wife to the bus stop so she could go to her job while I would go to classes. After classes I would bring my wife's grandmother home and take the baby to a neighbor's until Judy came home from work. I would then go home, clean diapers, make formula and get some studying in before I went to work in the bank as a night poster from 5:30 to 11:30 PM. The next day the same schedule was repeated. It was tough at first, but my wife and I look back fondly on those early years. When I think about it," Jim laughs, "my schedule now is probably lighter than it was back then."