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AMERICAN INSTITUTE
of
CERTIFIED PUBLIC ACCOUNTANTS

Annual Meeting

October 24, 1994
The Westin Hotel
Boston, Massachusetts

ROY ALLEN & ASSOCIATES, INC.
521 Fifth Avenue, 17th Floor, New York, New York 10175
(212) 840-1167

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P R O C E E D I N G S

CHAIRMAN TARANTINO: Good morning,
ladies and gentlemen.

Thank you very much for getting to
your places on time.

I want to welcome you to Boston.

I'm Dom Tarantino, the Chair of the
Institute's Board of Directors, and I would like to
declare the 107th Annual Meeting of the American
Institute of Certified Public Accountants to be in
session.

Phil Chenok, President of the
Institute, who is at my side here at the podium, and I
give you a special and warm welcome to the beautiful
City of Boston and also welcome you on behalf of our
host State Society, the Massachusetts Society of CPAs.

It's a wonderful walking city with
excellent restaurants, interesting things to see and
do, and very warm and friendly people. So please take
advantage of the opportunity that this city offers
during your visit.

As most of you remember, three years
ago the Institute abandoned its traditional Annual

2 Meeting format which combined plenary sessions with
3 numerous technical sessions.

4 The decision was based on many years
5 of declining attendance at Annual Meetings, and as I
6 might add, this is true and is the case with many
7 similar types of organizations.

8 Since the meeting did not support
9 itself, the Board decided to restructure the Fall
10 Meeting of Council.

11 We started yesterday with what we
12 call our leadership day. The day began with a meeting
13 of AICPA Committee Chairs conducted by Bob Israeloff,
14 Vice Chair of the Board. The objective of that session
15 was to discuss the issues that are facing the
16 profession and as well to hear the goals and
17 objectives for the coming year.

18 This was followed by a meeting of
19 incoming Council Members to orient them to the
20 programs and activities of the Institute, its
21 governance and its operations, as well as the issues
22 that are currently on Council's agenda.

23 In between these two sessions we had
24 a very nice joint luncheon.

25 I should note that we are very

2 encouraged by the active participation of those who
3 were present yesterday and the feeling of camaraderie
4 that was evident throughout the day.

5 We're also very excited about a new
6 concept for this year's meeting. We have for the first
7 time nine AICPA Committees meeting here in Boston in
8 conjunction with this Annual Meeting.

9 In fact, many representatives of
10 these committees are in the room at this time.

11 The Committees meeting here in
12 Boston are:

13 The Academic and Career Development
14 Executive Committee;

15 The Information Technology Executive
16 Committee;

17 The Management of an Accounting
18 Practice Committee;

19 Management Accounting Executive
20 Committee;

21 Members in Industry Executive
22 Committee;

23 Personal Financial Planning
24 Executive Committee;

25 Private Companies Practice Section

Executive Committee;

The Tax Executive Committee;

And the Women and Family Issues

Executive Committee.

We welcome all of those committee members to this portion of the program. Many of the members of those committees will be attending various functions over the next few days and certainly will be in committee meetings for a good part of them.

We welcome you and the many other members who have joined us at this Council meeting for this Annual Members Meeting portion of our program.

We are really heartened by this turnout.

The purpose of gathering here in Boston over the three days is to allow the leadership group of the Institute, its Council, and the members here today to focus on the future and the challenges and opportunities it presents our profession.

With this objective in mind, we have selected the theme "Leading the Way to New Directions."

As a membership corporation, we are required by statute to hold an annual meeting. And

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this morning we will be in that format.

Following lunch, we will reconvene
and the Fall Meeting of Council will commence.

We are very conscious of members'
concerns and desires to obtain CPE credit when we --
where warranted and I'm pleased to report to you that
the events during the next two days will qualify for
five hours of CPE.

A copy of the Annual Joint Message
from the Chairman and the President, together with the
audited financial statements for the year just ended,
have been distributed for review at these meetings.
Extra copies are available at the registration desk.

This material, as is our custom,
will also appear in The Journal of Accountancy which
is mailed to all AICPA members.

Now, we are very honored today to
have with us this morning Paul O'Brien, Chairman of
NYNEX New England.

Paul is here to welcome you to this
Annual Meeting as Chairman of the Board of the New
England telephone subsidiary of NYNEX Corporation. And
prior to assuming chairmanship, he was President and
Chief Executive Officer.

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Given Mr. O'Brien's professional expertise, we are sure to receive some excellent input into our proceedings.

He's very active in Boston and in Massachusetts including co-chairman of the 1994 National Governor's Conference, President of Jobs for Massachusetts, Vice President of the Boston Adult Literary Funds.

He has numerous civic and business associations.

And we are very pleased to have Paul with us today.

For his remarks he has selected the title "Accounting for Information Technology."

Please join me in a warm welcome for Paul O'Brien.

(Applause.)

MR. PAUL O'BRIEN: Thank you very much, Dom.

And welcome, ladies and gentlemen, to Boston. I hope you will have the opportunity, as Dominic said, to enjoy our city. We are very proud of it.

And I am honored to be kicking off

2 this Annual Meeting. And I am especially pleased to
3 have the chance to talk to a conference that's devoted
4 to new directions and adapting to change.

5 I myself have had to adapt my
6 thinking since Frank Doyle invited me to speak with
7 you.

8 You see, I used to be in awe of
9 CPAs. When I realized that Francis Doyle is the
10 managing partner of Coopers & Lybrand here in Boston,
11 my whole perspective changed.

12 See, I know Frank from his days
13 growing up in Dorchester. Now, I'm from New York so I
14 say Dorchester. Up here they say Dorchester.

15 And now he is a managing partner of
16 a major accounting firm. I know in my heart of hearts
17 that anything is possible.

18 (Laughter.)

19 MR. PAUL O'BRIEN: Frank will kill
20 me for this, but then again I have the podium.

21 More than that, I think we all know
22 that everything will change and that this is the only
23 constant.

24 And that's why I think it's very
25 important and farsighted of you to be exploring that

2 subject here in your meetings.

3 What I would like to talk about to
4 you this morning are the revolutionary changes that
5 are occurring in communications and in information
6 technology.

7 By now there isn't a person in
8 America who hasn't heard about the information
9 superhighway. In fact, it's becoming a cliché before
10 anyone can really agree on what it is or even before
11 it's totally built.

12 Already the highway is both famous
13 and infamous; to some a panacea, to others a peril; or
14 to use the CPA language, an asset or a liability.

15 Another New Englander, Robert Frost,
16 wrote about two paths that diverge and one making all
17 of the difference.

18 The question, I think, is which path
19 will the information superhighway take, which wire
20 will show up in our homes, offices, libraries and
21 schools: the good wire or its evil twin.

22 The answer is both.

23 Consider the state of TV programming
24 today. It teaches pre-schoolers to spell and also
25 bombards them with violence.

2 Representative Ed Markey, with whom
3 I'm sure you are familiar, is also the Chairman of the
4 House Subcommittee on Telecommunications. And he
5 recently lamented that the average twelve-year old has
6 viewed 8,000 murders on television. Small wonder that
7 he believes that whether your information comes over
8 cable, wire or telephone or by satellite dish, that
9 the content will, in fact, tell a Dickens-like tale,
10 the best of wires and the worst of wires.

11 The same technology that will allow
12 kids in Boston and in Buffalo to play interactive
13 games will also allow doctors three hundred or three
14 thousand or thirteen thousand miles away to view the
15 same x-rays or even feel through virtual reality a
16 tumor.

17 The same technology that will allow
18 home shopping will allow school children to learn by
19 interacting with other students and other teachers
20 anywhere on earth.

21 The same technology that will allow
22 sex chat lines also will allow researchers from around
23 the globe to collaborate on a cure for AIDS.

24 Above all, the same technology that
25 today divides city and suburb, rich and poor, black

2 and white, could help mend the divisions that threaten
3 the very fabric of our multi-ethnic society.

4 Each of us has responsibility to
5 help make sure that the new technology does not leave
6 anyone behind.

7 Each of us has a responsibility to
8 help make sure that our professions, our businesses
9 and our communities can make the most of this truly
10 transformational technology.

11 My business, in particular, has a
12 special and unique role to play. Because of our
13 culture of universal phone service, because of our
14 commitment to be common carriers and because of the
15 expansive reach of our network, for all these reasons
16 we in the telecommunications industry can play a truly
17 pivotal role in making sure that these new
18 capabilities become assets, working assets, not
19 liabilities.

20 We are actively involved in
21 successful trials of multimedia medical and distance
22 learning applications right here in Boston. We use
23 fiberoptics to connect community colleges with the
24 public schools. Students can take advanced placement
25 courses and participate in special classes.

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For example, it can share the one teacher, the entire system, that speaks Japanese.

Well, the telephone companies will play a major role. And it's important to note that we are not the only players.

The information superhighway will not be a single network. It will be a network of networks. It will include cable companies, long distance companies, software companies, Hollywood studios, broadcast TV and newspapers.

Perhaps most importantly, it will support and help create a whole new industry of information service providers.

It's also important to understand that much of the information highway already exists. Fiberoptics is virtual unlimited capacity.

Long distance phone companies have fiber between all of our major cities and cable and local telephone companies have pushed the fiber into the networks, into the neighborhood networks.

But the real bottlenecks are the on and off ramps, the last mile to homes and most businesses.

Cable companies complete their last

2 mile using coaxial cable which also has plenty of band
3 width for voice and data. However, cable companies
4 lack switches to make the superhighway interactive.

5 On the other hand, local phone
6 companies, like NYNEX, have switches but we still rely
7 in large measure on copper wires to reach most homes
8 and small businesses.

9 The result is a situation that is
10 very familiar to Boston drivers. We have the
11 communications equivalent of a Los Angeles freeway
12 funnelling into the winding alleys of the north end.

13 By the way, if you haven't been over
14 to the north end, brush up on your Italian and you'll
15 have the best pizza this side of the Atlantic.

16 And speaking of appetites, the
17 growth of Internet is a good example of why we need to
18 expand these on and off ramps. Users are gobbling up
19 cyberspace at dwarf speed.

20 In fact, most of the things that
21 many people think are in the future are, in fact, here
22 today. And that's why we've linked all of our schools
23 in the northeast to the Internet system.

24 Squeezing a lot of information over
25 copper wires is now possible, but it is like driving

1
2 around this city. You can do it, but why would you
3 want to.

4 For example, the information you
5 take in one movie, let's say "Forest Gump," is the
6 equivalent in bits and bytes of a twenty-foot stack of
7 New York Times.

8 So while much of the information
9 highway already exists, there remains the need for
10 greater band width.

11 And standing in the way of
12 completing the highway are three major speed bumps.

13 Technology is one bump and some of
14 the software and high speed switches needed to handle
15 the volume of traffic are still being developed.

16 And clearly one of the greatest
17 challenges will be making access easy enough for
18 people like me. And even though my first degree was in
19 electrical engineering, I must confess that I'm still
20 more comfortable with a slide rule than with a PC.

21 I have an excuse, my age. Looking
22 around this room, most of you can't use that as a
23 reason.

24 However, you shouldn't need a degree
25 in computer programming to operate on the highway.

2 More and faster doesn't help at all if all of this
3 stuff isn't easy to use. It's rather like using your
4 channel changer, not programming your VCR.

5 So clearly better ergonomics is just
6 as important as band width.

7 A second major speed bump is cost.
8 Completing the on and off ramps will take at least
9 \$100 billion nationwide. Here in Eastern Massachusetts
10 we are planning to start this year with 300,000 lines
11 at a cost of nearly \$.5 billion.

12 Those kinds of figures are
13 mindboggling.

14 So obviously economics dictates that
15 the superhighway will not be built overnight. Keep in
16 mind it took us ten years to reach the moon and it was
17 President Eisenhower forty years ago who initiated the
18 interstate highway system. And, again, if you drove
19 around this city, you know that's not done yet either.

20 (Laughter.)

21 MR. PAUL O'BRIEN: So we may never
22 finish building the telecommunications and information
23 superhighway. Like airports and roads it will always
24 be under construction. And clearly we will reach some
25 communities sooner than others.

2 But also keep in mind that there's
3 more than one way to skin a cat or balance a
4 spreadsheet or provide greater band width.

5 Wireless technologies are advancing
6 faster than anyone expected. Scientists are finding
7 clever ways to cram more information over the air as
8 well as over plain old copper wires.

9 So we shouldn't let the cost daunt
10 us. What really counts, as all of you know better than
11 me, is the return to the bottomline. And until this
12 decade I think it's fair to say that America's \$1
13 trillion investment in computers and networking
14 technology seemed like a highly questionable or at
15 least tenable return.

16 I was reading the other day a note
17 by Lester Thurow, and he pointed out that while the
18 total United States output rose fifteen percent, or
19 only fifteen percent, between 1978 and 1985, the
20 number of accountants on corporate staff rose by
21 thirty percent. And that dismissed another myth that I
22 had, that CPAs are not good marketers. I congratulate
23 you.

24 (Laughter.)

25 MR. PAUL O'BRIEN: We are, however,

2 seeing a productivity payoff. It's paying off for
3 accounting firms in New York and in auto plants in
4 Detroit. It's paying off for mutual funds managers in
5 Boston and film studios in Hollywood.

6 And our nation still has a
7 commanding lead in communications and information
8 technologies.

9 But other nations are catching up
10 and, in fact, because of regulations here in our own
11 country, American firms are building advanced home and
12 cable systems in other countries faster than we are
13 building them here.

14 And as a nation I think we dawdle to
15 our peril.

16 There was a 1992 movie that I
17 enjoyed called "Sneakers." And there was a character,
18 a brilliant villainous computer hacker called Cosmo.
19 And in the movie he slyly observes that the world
20 isn't run by weapons anymore or energy or even money.
21 It's run by little zeros and little 1's, little bits
22 of data.

23 And he goes on to say that there is
24 a war out there, a world war. It's not about who has
25 the most bullets. It's all about information.

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I think he's right.

And that brings me to the third speed bump, which is public policy. This nation is trying to navigate the information highway with a manual that was written sixty years ago.

If you look around this room -- and most of you were not here back in 1934. Hell, I wasn't here in 1934.

So health care wasn't the only casualty of gridlock in our most recent Congress. The legislation, which overwhelmingly passed the House but died in the Senate, would have turned down the artificial barriers that presently exist between cable TV and telephone industries.

All the markets - local, long distance and cable - would have been opened up to competition.

We weren't happy with every aspect of the bill, but we wholeheartedly supported its passage because we believe that competition is in the national interest and in the interest of individual consumers and businesses.

Above all, we understand that change, which is the theme of this conference, is

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2 inevitable. Customers want the benefits of
3 competition, choice and lower prices.

4 We understand that you can't stop
5 technology or the marketplace. We know that inevitably
6 public policy will catch up to reality.

7 So despite some excessive hype, the
8 information superhighway is coming and, in fact, in
9 many respects it's already here.

10 And just as my business must adapt,
11 so too must yours. Your profession has already been
12 profoundly altered by the convergence of computing and
13 communications.

14 But you have only seen the tip of
15 the iceberg.

16 Your profession also has a major
17 stake in the information highway. It's no exaggeration
18 to say that your future success in revenue generation,
19 expense control and the utilization of assets rides on
20 the highway.

21 I know that many of your firms have
22 already invested heavily in information technology.

23 KPMG, which, as you know, is the
24 London-based accounting firm, says that its investment
25 of over several million pounds, has already been

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offset in returns on expense savers.

But they go on to make a good point, and that is, that the cost is the least important aspect of their initiative. We did it to prepare ourselves for the twenty-first century. Its real value has been in our competitive position.

Your firms also must keep up with the technology race.

A recent article in Pension World pointed out that technology enables global pension plan custodians to offer more than reporting. They offer empowerment. Part of this empowerment happens because of the quantum shift in the time that technology brings to the science of accounting.

And an article in The Financial Post this summer pointed out the result of electronic data interchange, EDI. Accounting takes place during the transaction rather than as a verification after the process is done.

Many of you are familiar with Ray Healy, who is a partner in KPMG in Toronto. He points out that Wal-Mart's use of EDI is the reason for its tremendous success.

And he answers the question of

1
2 whether all of this stuff will put accountants out of
3 business with a resounding no.

4 But I think it is fair to say that
5 no business or profession today can afford to sit
6 still. None of us wants to become road kill on the
7 information highway.

8 And it's easy to forget that while
9 financial records go back to the twenty-third century
10 B.C., the need for middle managers in accounting is
11 really a relatively recent phenomenon.

12 Indeed, if you think about it, the
13 profession got a boost by the building of another
14 infrastructure for another century, the railroads.

15 While the huge demand for capital in
16 stocks and bonds and other instrumentalities really
17 helped to develop the finance industry in this
18 country, railroads transformed the nineteenth century
19 much as the automobile shaped the twentieth.

20 In the twenty-first century, which
21 is only six years from now, the most valuable capital
22 will be information.

23 In fact, I bet technology will even
24 change your image. Instead of dull guys and gals
25 wearing green eyeshades and brandishing the sharpened

1
2 pencils, you will be known for your slick personal
3 digital assistance and your glitchsy multimedia
4 teleconferences.

5 Instead of being people who
6 disappeared after April 16th, you will be known as
7 consultants who can access information from anywhere
8 anytime.

9 So, indeed, we are in a
10 technological crossroads.

11 Which path will our nation take?
12 Good wire or bad, asset or liability?

13 Will the information highway bring
14 the work of a thousand scholars to the public school
15 students or five hundred Geraldo's into your home?

16 Will it speak and spark our
17 imagination or numb our sensibilities?

18 Will the technology that allows
19 people to work at home saving time and tires and the
20 environment remain largely unused because it's too
21 technically difficult for the average citizen to
22 comprehend?

23 Will it bring distant doctors
24 together to collaborate in a patient's MRI or
25 accountants to work together on a client's complex

1
2 financials or will it widen the canyon that divides
3 the have's from the have not's?

4 In short, will information become
5 the tool of the privileged few or remain the great
6 equalizer for our democracy?

7 In a very real sense these choices
8 and challenges are yours and mine to step up to.

9 Personally, I'm very optimistic.
10 Every marketing study I have seen shows tremendous
11 interest in information and education services.

12 In fact, to the surprise of many
13 more American say they are interested in obtaining
14 personalized information than movies on demand.

15 Virtual reality like reality itself
16 is ours to create.

17 The art of change is difficult. Some
18 master and profit, others falter and ultimately fail.

19 Personally, I am tremendously
20 upbeat. I'll bet on humanity making technology it's
21 slave not it's master.

22 In closing, let me tell you a little
23 story that explains why I'm so optimistic about
24 virtually everything.

25 A few years ago, right about this

2 time, I had a bed in which I put down plastic to kill
3 the weeds. And I put these little white pebbles around
4 them.

5 Of course, in my zeal I forgot that
6 there were flower bulbs buried underneath.

7 And needless to say, my wife
8 reminded me of my mistake. But I ignored it anyhow.

9 Well, winter came and went. And then
10 something happened that I'll really never forget. One
11 morning lo and behold there were all of these tulips
12 that had pushed their way up through the plastic and
13 through the rocks into the sunlight.

14 So I think you'll understand why I'm
15 betting on light versus darkness.

16 Please, understand, as another
17 glorious autumn in New England turns to gray, why I've
18 already pictured spring and green.

19 Thank you.

20 (Applause.)

21 CHAIRMAN TARANTINO: Paul, thank
22 you very, very much for those very thoughtful comments
23 about the wonders and the perils and the challenges of
24 information technology.

25 Obviously, the information highway

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is coming and we need to play a role in it. We have a great stake in it and we can't sit still.

We don't plan to. We are here in part at least to harness the great future that resides in that information highway for our profession.

So we are optimistic too that we can play our role in what you had to say about this great world ahead of us.

So thank you very, very much.

(Applause.)

CHAIRMAN TARANTINO: The future of the accounting profession is directly related to the quality of the young people entering the profession and the competence of those entering the profession depends, to a very great extent, on how well they are prepared in their collegiate and post-graduate education.

In recognition of this reality, the Institute annually selects a member of the academic community to receive the Outstanding Educator Award.

The award this year goes to Dr. Jan R. Williams.

Dr. Jan Williams of the University of Tennessee at Knoxville has been selected as the

1994 AICPA Outstanding Accounting Educator.

He has contributed twenty-five years of teaching to the accounting profession and is the Ernst & Young Professor at the University of Tennessee and a Certified Public Accountant in Arkansas and Tennessee.

At the University of Tennessee he continues his service of seventeen years as a professor, just having retired from his eight-year commitment as the Chair of the Department of Accounting and Business Law.

Earlier in his career, Dr. Williams taught at Texas Tech University and the University of Georgia.

He is distinguished for his creative teaching abilities, leadership in the enactment of the 150-hour legislation in Tennessee as well as its promotion in other States throughout the country, and his involvement in the accounting profession.

Throughout his career, Dr. Williams has continued to be active in the AICPA, in the American Accounting Association, Beta Alpha Psi, Beta Gamma Sigma, the Tennessee Society of CPAs and the Tennessee Society of Accounting Educators.

2 He is also a noted speaker on FASB
3 topics, an acclaimed CPE discussion leader, and has
4 published over sixty academic and professional books,
5 articles and other publications.

6 The citation accompanying his award
7 reads:

8 "The Outstanding Accounting Educator
9 Award is presented to Dr. Jan R. Williams in
10 recognition of his contributions to accounting
11 education through his excellence in teaching and his
12 commitment to the development of quality accounting
13 programs, and to the accounting profession through his
14 active participation and leadership role in academic
15 and professional organizations."

16 For his many contributions to
17 accounting education, please join me in welcoming Dr.
18 Jan R. Williams, our recipient of the 1994 Outstanding
19 Accounting Educator Award.

20 (Applause.)

21 DR. JAN WILLIAMS: Thank you, Mr.
22 Tarantino, for those kind remarks.

23 I think in fairness we need to make
24 sure the audience understands that you had a lot of
25 help screening out things that I've done that didn't

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go so well.

There are two sides to the story.

(Laughter.)

DR. JAN WILLIAMS: I really can't -
- it hasn't been too terribly long ago since I was
just hoping to become a CPA and perhaps be able to be
a member of the AICPA and never imagined being in the
position I'm in today.

I think Rich Elam would attest to my
surprise when he called me about this. In fact, I had
a colleague in my office at the time and he was
concerned that there was some emergency, some negative
emergency, when he realized that I had gotten the
phone call that I had gotten.

I want to thank the Institute and
the Council for its support of education.

And I tried to think of a number of
ways that we see that support.

The position of Vice President of
Education is certainly one, the various committees and
the support for those committees, the awards that are
given such as the award that I'm receiving today,
various scholarship and fellowship programs and in
many, many ways the AICPA supports education.

And I think all of these deliver a very strong signal. And what they say is that we, as a profession, and particularly the American Institute of CPAs, value education.

And I am very proud to be part of that.

And certainly all of that makes this award even more meaningful for me today.

In the next few minutes I want to just mention a couple of things to you. I want to give you a brief what I would almost call a testimonial about my career and to mention a couple of areas of AICPA activity that have been particularly important to me as an educator.

Throughout my life and certainly my career I have been fortunate to be surrounded by people who did two things for me.

Number one, they supported me; And number two, they challenged me. And this would start with my family: my parents, my wife, who is with me today, and even my children.

I had an interesting conversation just last week with one of my children. And the nature

2 of this conversation was for her to ask me what are
3 you going to do the rest of your career.

4 It seemed to me like the sort of
5 thing I should be asking her. But it's the kind of
6 support and the kind of challenge that I have
7 consistently received from my family members.

8 Professors that I had while I was in
9 the universities, particularly I think of two men that
10 were very influential on me: one was a gentleman
11 Emerson Henchey, now retired, at Baylard University, a
12 second one a gentleman named Nolan Williams at the
13 University of Arkansas.

14 They taught me the impact that a
15 good professor can have on young people and encouraged
16 me to kind of stay with it and, in fact, to be an
17 academic. And I thank them for that.

18 And then, as you've heard, I have
19 just completed twenty-five years on the faculty of
20 three universities: the University of Georgia, Texas
21 Tech and then most of that time at the University of
22 Tennessee.

23 And I just had a continuous string
24 of colleagues that have been helpful.

25 Three of them I'll mention simply

1
2 because they have been very influential and they are
3 very involved in AICPA activities.

4 One of them is Dan Guy, who is here
5 today. And Dan I were on the faculty of the University
6 of Texas Tech.

7 And Doyle Williams and Don Edwards,
8 both of whom are former recipients of this award. And
9 again, that makes this more special for me.

10 All of these people provided a lot
11 of support and a continuous challenge. And as I think
12 about how I got where I am today, I certainly owe a
13 lot to family, professors that I have had and my
14 colleagues at these universities.

15 When I made the decision in 1965 to
16 pursue an academic career -- now, that's almost thirty
17 years ago and you may wonder what happened to the
18 other five years; at that point I had to go back to
19 school and receive a Ph.D. degree so that took up the
20 difference -- I simultaneously made a decision that I
21 would try to have an academic career that established
22 and maintained as strong ties as I possibly could with
23 people in practice.

24 Now why did I do this?

25 I believed at that time and I

2 probably believe even more strongly today that that is
3 really what we in education should do. And to be the
4 kind of educator that I wanted to be, it was necessary
5 for me to maintain very strong ties in the practice.

6 And I have done that in a variety of
7 ways, one of which was to take a year away from the
8 university three years ago and spend it with Ernst &
9 Young in their national office.

10 But on a continuous basis there are
11 two areas of AICPA activity that have been
12 particularly meaningful for me.

13 One is continuing professional
14 education. Early in my career I had the opportunity to
15 lead some continuing education programs and I have
16 been doing it ever since.

17 And I spend a lot of days in
18 classrooms with practitioners. In recent years more of
19 that has been with the Tennessee Society of CPAs. And
20 then I have done a lot of writing for the AICPA.

21 Now, what has that done for me as an
22 accounting educator?

23 First of all, I think it has given
24 me an appreciation for practice and some of the
25 problems in practice that I wouldn't have.

2 And as has been mentioned, my area
3 of interest is FASB standards and I have learned a lot
4 about how to apply those -- the difficulty of applying
5 those and things like that.

6 And the second thing it's done for
7 me is it has resulted in my being on a first-name
8 basis with a lot of people in practice, and I enjoy
9 that. I enjoy that and I benefit from that.

10 Some of you in this room know that
11 if I need a question answered, I'll call you up and
12 talk to you about something. And that has been good
13 for me as an educator.

14 Third, I think every time I have
15 been in a continuing education program I've always
16 felt like that I've learned more than the other people
17 who were there. I have considered myself a learner as
18 well as the discussion leader.

19 And, finally, perhaps most
20 importantly, I think my involvement with continuing
21 education for practitioners has simply made me a
22 better accounting professor than I would have been.

23 And that was my primary reason for
24 doing it in the first place.

25 So I really thank the AICPA, the

1
2 Tennessee Society of CPAs and other professional
3 organizations that I have been involved with that have
4 played a role in letting me maintain the contacts with
5 the practice I have and, therefore, had the kind of
6 academic accounting career that I value and I wanted
7 to have.

8 The second area of AICPA activity
9 that I want to make some brief comments about is the
10 150-hour requirement.

11 And to do this I'd like to just tell
12 you a little story.

13 In 1986 I was Vice President of the
14 Tennessee Society and on the Board of Directors of
15 that organization. And I was at dinner one night with
16 that group and happened to be sitting next to a
17 gentleman named Claude Blakenship who was the
18 President-elect of the Tennessee Society of CPAs.

19 And I asked Claude during the dinner
20 what he was going to do as President that would have
21 lasting value for the profession.

22 Now, that's not exactly the way I
23 worded it. What I asked him was what was he going to
24 do that anybody would remember.

25 (Laughter.)

1
2 DR. JAN WILLIAMS: But essentially
3 what I really wanted to know was what are you going to
4 do that is really going to have lasting value for the
5 profession and the State.

6 And his response was not
7 particularly memorable. I don't have any idea what he
8 said except I do know that he asked me, "Do you have
9 any ideas?"

10 And I said, "Yes, I do." I said, "I
11 really believe the most significant thing you can do
12 as President is to push through the 150-hour
13 requirement or be actively involved in beginning that
14 process."

15 And I don't recall his reaction at
16 that time, but I know that he called me several weeks
17 later and he said, "Tell me a little bit more about
18 this 150-hour thing."

19 And I did.

20 And he basically said, "If I'll go
21 out on that limb, will you go out there with me?"

22 And I said, "yes."

23 And the result was a really
24 interesting educator/practitioner partnership I would
25 call it that resulted in the passage of a law a year

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later.

The thing that might be interesting, in 1993, now that the law has passed and is in effect, is the impact that has had on my academic institution. The enthusiasm for the accounting profession among the students that I see right now on my campus is higher than I have ever seen it. The faculty enthusiasm is high.

I think many students who today would be in MBA programs and headed for careers in management, many students who would be in the J.D. programs headed for careers in legal practices are now in a Master's degree in accounting and they are headed for careers in professional accounting.

And the program that I speak of has had twenty students in it not too long ago and today it has eighty. We rival the MBA program on the campus in terms of the number of graduates per year. We've made significant improvements in what we do with these students while we have them.

And we are moving towards what I would describe as a truly professional education.

And I would urge states that haven't done this yet to just keep working on this. I realize

1
2 it may be more difficult in some places than others,
3 but I'm convinced that once a transition has been
4 made, we will look back and conclude this is one of
5 the most significant qualitative improvements that the
6 accounting profession has ever made.

7 Receiving the award as the AICPA
8 Outstanding Accounting Educator is the most
9 significant honor that I've ever had or will ever
10 have.

11 And I want to thank again the
12 Institute and this Council and those directly involved
13 in my selection for valuing those activities that I
14 have been involved in in my academic career.

15 Thank you.

16 (Applause.)

17 CHAIRMAN TARANTINO: Thank you very
18 much, Dr. Williams.

19 Thank you again for your dedication
20 to your profession and to the needs of many of your
21 accounting students.

22 Now, to deal with the fruits of the
23 labors of Dr. Williams and many of his colleagues,
24 it's my pleasure to introduce to you the winners of
25 several awards for achievement in grades on the

Uniform CPA Examinations held since the last meeting.

Dr. Rich Elam, Vice President/Education of the AICPA, has joined us up on the podium in order to present these awards.

First, the winner of the Sells Gold Medal Award for the highest grade total on the November 1993 examination, Susan Diane Steiner of Florida.

(Applause.)

CHAIRMAN TARANTINO: We also are privileged to announce that Leanne Sardiga of Illinois is the winner of the Sells Gold Medal Award for the highest grade total on the May 1994 examination.

(Applause.)

CHAIRMAN TARANTINO: These two young women, it's for the third exam in the row, I believe, that a woman has the highest award on the CPA Exam.

Continuing, Michelle Engle of Illinois is the winner of the Sells Silver Medal Award for the second highest grade total in the November 1993 exam.

(Applause.)

CHAIRMAN TARANTINO: For the May

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1994 exam, we have David Spivak of Minnesota who has been awarded the Sells Silver Medal.

(Applause.)

CHAIRMAN TARANTINO: The Sells Bronze Medal is awarded to candidates receiving the third highest grade totals in their respective examinations.

The winner for the November 1993 exam is Juzer Abdeali Haji.

How did I do on that?

(Applause.)

CHAIRMAN TARANTINO: The Bronze Medal winner for the May 1994 exam is Richard Todd White of Iowa.

(Applause.)

CHAIRMAN TARANTINO: Congratulations to all of you.

This is a marvelous way for you to start your profession and we wish you the very best of luck as you pursue your careers.

So let's again recognize these wonderful performers.

(Applause.)

CHAIRMAN TARANTINO: Once again

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2 this year we have prepared a video which expands on
3 our written annual report.

4 The video really takes the place of
5 a more expansive oral report from Phil and me and has
6 the added advantage of bringing you up-to-date on the
7 events of the year by having some of those who have
8 been directly involved in those events appear on the
9 screen.

10 We particularly want you to get to
11 know the personalities involved in service on
12 Institute committees and various leadership positions
13 at the Institute.

14 Can we have the lights dimmed
15 please?

16 (A video was viewed by all
17 assembled.)

18 CHAIRMAN TARANTINO: Thank you and
19 to all of our participants in that video.

20 I would ask are there any questions
21 from the group with respect to any of the matters that
22 were covered on the video. We have a couple of minutes
23 in case there are.

24 (No response.)

25 CHAIRMAN TARANTINO: As the keeper

1
2 of the official time, I have five minutes to ten. We
3 will take a break now and ask you to be back in your
4 places at 10:15.

5 Thank you very much.

6 (At 9:55 o'clock a.m. there was a
7 recess in the proceedings.)

8 (At 10:20 o'clock a.m. the
9 proceedings were resumed.)

10 CHAIRMAN TARANTINO: Back to your
11 places, please. Would you move right along, please.

12 Ladies and gentlemen, the break is
13 over. Please get back to your places. We need to get
14 started.

15 We have some very important awards
16 to present, and I would like you all in your seats to
17 hear the comments of our recipients.

18 I would like to now turn the podium
19 over to Bill Kanaga, former Chairman of the Institute
20 in 1980 and '81. Bill is Chair of the AICPA Awards
21 Committee and will be making the presentation of the
22 AICPA Medal of Honor.

23 Bill, the microphone is yours.

24 MR. WILLIAM KANAGA: Our honoree
25 this morning is Donald J. Schneeman.

2 I have a few remarks about Don, but
3 I just had to alter them because Annette told me that
4 these remarks are being videotaped.

5 (Laughter.)

6 MR. WILLIAM KANAGA: So I had to cut
7 a few things out that his children might not
8 appreciate.

9 Don has bridged the broad span of
10 recent professional history for the accounting
11 profession in his thirty years of service to the
12 AICPA.

13 From the days of Jack Carey and John
14 Lawler, which at least a few of us with gray hairs
15 with nostalgic refer to as the good old days, to the
16 present profession, a high multiple in size, scope and
17 profile of some thirty years ago, Don had been the
18 common link.

19 Of course, I don't want to make him
20 feel any older than he is because he came to us in
21 diapers.

22 Those thirty years, Don, have been
23 dramatic in their changes in nearly every phase of
24 Institute activity. And Don has been at the center of
25 those activities when the course -- at least the

2 course of the profession's future was at stake in each
3 of those decades, from the sixties to the seventies to
4 the eighties to the nineties.

5 Nobody knows more about this period
6 or where the bodies are buried than Don. Nobody in my
7 experience in the profession has been a greater
8 contributor for good.

9 He served as a mediator, placator,
10 arbitrator and sage advisor and soother of jangled
11 nerves at many meetings in which I participated in. He
12 has been one to keep his head when many in the body
13 were losing theirs.

14 Perhaps the carbon steel and Don's
15 demeanor was produced and tempered by his time at
16 Schenley with Louis Rosensteel in the late fifties and
17 early sixties before he joined the Institute.

18 For those of you who don't recall
19 Rosensteel, like some of us do, he had a wide
20 reputation as a flinty hard, contentious but canny
21 businessman who loved fights and had them
22 continuously.

23 For Don, we CPAs were a pushover
24 after Rosensteel.

25 A long-time friend of both Don's and

2 mine, Tom Flynn worked closely with Don at the time he
3 joined the Institute and on into the 1970s both in
4 Tom's capacity as President, now what we call
5 Chairman, and as Chairman of the Ethics Committee.

6 Here is a reminiscence from Tom that
7 I got last week.

8 It's clear to me in the 1960s when
9 Don joined the Institute and since then that the
10 profession has been fortunate, singularly fortunate,
11 in having so abled and dedicated a lawyer to help and
12 give wise counsel for so many, many years. We will
13 miss not only his intellect, but also his warmth, his
14 humor and his superior personal relationships with
15 people.

16 Don joined the Institute in order to
17 bring inside the Institute a lot of work previously
18 done by outside counsel.

19 It's hard to conceive today or in
20 our long struggles of these past at least two decades
21 our Institute operating without our own general
22 counsel.

23 Don has also earned his service
24 stripes for sixteen years on the Board of Directors.
25 As one who served six years on that body, all I can

1
2 say is, Don, you have my admiration and I'm sure the
3 admiration of all former Board Members for putting up
4 with our Boards over those many years. That has taken
5 a lot of grace.

6 Don's commitment to our activities
7 has been total; a heavy schedule of committee
8 meetings, much of it involving ad hoc groups on tough
9 problems of the profession. His calm demeanor and vast
10 background have helped us over many rough spots.

11 His integrity, his sense of balance
12 and, as Tom says, his warm good humor have served us
13 well. They have been a necessary ingredient in dealing
14 with what has always been a group of hard driving and
15 egotistical professionals. I guess I should refer to
16 myself, not to you, B. Z.

17 So thank you, Don, from all who have
18 been with you over these decades.

19 We also want to pay tribute to Don's
20 charming wife who has been so helpful and
21 understanding of the demands made by the profession on
22 Don's energies and times, and as well a tremendous
23 support for Don. You have our grateful thanks,
24 Annette.

25 And to your children, Tracy, Grace,

1
2 Don and Laura, who participate and have participated
3 in the family sacrifice to the profession.

4 God give you, Annette and Don, many
5 happy years to come.

6 Don, would you join me here.

7 (Standing ovation.)

8 MR. WILLIAM KANAGA: This citation
9 reads:

10 "Donald J. Schneeman has been
11 involved in the activities of the Institute and the
12 profession for most of his adult life. To the benefit
13 of the profession his long and distinguished career
14 with the Institute lasted for more than thirty years.

15 "Over that period he was
16 instrumental in helping to shape the Institute's
17 record of service to the profession and to the public.

18 "Mr. Schneeman's career at the
19 Institute was diverse. He began in the State
20 Legislation and Trial Board Department. His keen
21 knowledge of the Institute earned him appointment as
22 the Institute's General Counsel and later as Corporate
23 Secretary.

24 "Mr. Schneeman served on the Board
25 of Directors and governing Council. In fact, he served

1
2 for sixteen years, longer than anyone in the history
3 of the Institute, even though he's not a CPA.

4 "In this capacity his counsel was
5 sought by leaders of the profession, the membership
6 and the staff.

7 "He was the Institute's in-house
8 historian regarding the major developments that shaped
9 the profession during his tenure with the AICPA.

10 "He played key roles on the overhaul
11 of the Code of Professional Conduct and the work of
12 the Special Committee on Standards of Professional
13 Conduct.

14 "Mr. Schneeman has a great love for
15 the profession and its institution.

16 "His good humor helped to ease many
17 difficult situations faced by the Board and the
18 Council. His dedication and commitment to the
19 profession have been truly outstanding.

20 "In recognition of such a
21 distinguished career and with great appreciation, the
22 Institute presents the AICPA Medal of Honor to Donald
23 J. Schneeman, October 24, 1994, Dominic Tarantino,
24 Chairman of the Board."

25 (Applause.)

1
2 MR. WILLIAM KANAGA: To you, Don,
3 with our grateful appreciation.

4 MR. DONALD SCHNEEMAN: You don't
5 realize what a tour de force you just saw. In my day
6 we typed a copy of the scroll so that you could read
7 it. This thing is sort of in Old English. And for him
8 to be able to get through that without a misprint is
9 terrific.

10 I would like to introduce you to
11 Annette, my bride of forty years.

12 Honey, would you stand up?

13 (Applause.)

14 MR. DONALD SCHNEEMAN: She's
15 probably the major reason why I stand before you
16 today.

17 When I told her that I was going to
18 receive the award, she said, "Well, don't you have to
19 make a speech?"

20 And I said, "Yes. Do you have any
21 ideas on how I might approach it?"

22 And she said, "Well, don't be
23 yourself."

24 (Laughter.)

25 MR. DONALD SCHNEEMAN: And I always

1
2 do what I'm told. So I will do my best to keep it
3 short.

4 Now that won't shorten the program
5 at all today because Monday Lowe will grab up any
6 amount of time.

7 (Laughter.)

8 MR. DONALD SCHNEEMAN: Actually, I
9 didn't need Annette's admonition because there truly
10 are no words that I could find that would express my
11 deep appreciation for the opportunity that I've had of
12 working with the Institute, serving its members and
13 Council and the Board.

14 I came to the Institute six years
15 out of law school -- and Schenley wasn't my only job,
16 but it did form my character in many ways -- six years
17 out of law school and I fully intended to stay just
18 three years. I saw it as an interesting opportunity to
19 learn more and then get on with my life.

20 I was assigned to do professional
21 ethics, state legislation and trial board. And I
22 handled daily in that capacity and sometimes hourly
23 phone calls from members throughout the country
24 seeking advice on various ethics issues that
25 confronted them in practice or in business and

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different problems that confronted them.

I became tremendously impressed with the fact that CPAs would care enough about the right course of action to seek guidance and counsel from their national organization.

And I became tremendously impressed with the fact that their national organization took the time and the expense to provide a facility to give them the help that they sought.

I don't think there was another organization at that time that offered that kind of direct service, individualized service, to members, and I don't think there is another one still now, thirty years later, that offers it.

I was so impressed with that and with the intensity of the members in seeking this advice that about three months after I came to the Institute I decided that I had found a home and that I would commit to it for as long as they wanted me. And that was thirty years ago.

My work with various committees, with the Board of Directors and with Council has put me in contact with what I call the super-members as a class, the active members, the committed members, the

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2 ones who give of their voluntary time and talents and
3 that give the profession its tone.

4 You, of course, as Members of
5 Council and Committee chairmen are among those super
6 members.

7 Cream rises to the top and the best
8 in the accounting profession gravitates towards AICPA
9 committees, which is what makes it such a very
10 pleasurable task to be working with committees as a
11 staff person.

12 My work with Council, the Board of
13 Directors and committees has given me personally a
14 sense of professional fulfillment that I doubt that I
15 could have found anywhere else in a career with the
16 background and training that I had.

17 Annette and I have made very many
18 treasured, personal relationships with many of you and
19 we hope that those relationships will last for the
20 rest of our lives. And we thank you for that
21 opportunity.

22 In my work with the Board and
23 Council I was, I suppose, the technician on how to get
24 things done and that gave me the opportunity to bring
25 to bear an independent judgment on leadership

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2 concerns.

3 And I want to thank particularly my
4 past presidents, Phil with whom I spent more time than
5 any of his predecessors, for their patience and
6 sometimes their rectitude as they listened to me
7 proffering my views on issues.

8 The Medal I've just received is a
9 reproduction of the Institute's corporate seal. The
10 seal is a heraldic eagle and around the frame of the
11 Medal, of the seal, are the words "American Institute
12 of Certified Public Accountants."

13 And over the eagle is a banner with
14 the Latin inscription, "Custos Fidelitatis," literally
15 translated "Faithful custodian." The Latin phrase
16 could be more loosely translated to mean "Keeper of
17 the Trust."

18 Every survey we've conducted over
19 the years, both recent surveys and prior, of various
20 public regulators, Congressional staff and even
21 Congress itself, gives the CPA extraordinarily high
22 marks for honesty and integrity and, therefore,
23 trustworthiness.

24 As long as that remains so, no
25 outside force can harm this profession; not the

2 Congress, not the courts, not plaintiffs, not the
3 commercial marketplace.

4 As long as you are keepers of the
5 trust, as long as you keep the trust, you are
6 invincible.

7 If you lose sight of this, you will
8 not only have abandoned your invincibility, but you
9 will have betrayed yourselves and you will have
10 betrayed the profession from within.

11 So each of you individually is the
12 profession's strength and its strongest defense, and
13 each of you individually is potentially its greatest
14 vulnerability.

15 If you take nothing more away from
16 this meeting, take these two words on the Institute's
17 seal and keep them forever, "Custos Fidelitatis,"
18 "Keeper of the Trust."

19 Make it each your personal motto,
20 your motto and your goal, and the future will be
21 yours.

22 Thank you very, very much.

23 (Applause.)

24 MR. DONALD SCHNEEMAN: He said
25 don't forget this.

CHAIRMAN TARANTINO: Don, I thank
you so much for those very warm and encouraging words.

And to you and Annette, a lifetime
of happiness.

Thank you so much for your dedicated
service and most of all your valued friendship.

The Gold Medal is the highest honor
bestowed by the American Institute to a member whose
influence on the profession as a whole is
distinguished when compared to other contemporary
leaders.

It was in 1944 that the Institute
established a Gold Medal for Distinguished Service in
the profession.

Several members who have achieved
that honor are with us today.

I would like to recognize them.

Please hold your applause until they
stand.

George Anderson;

B. Z. Lee;

Marvin Strait;

James Don Edwards;

I don't know whether Don Kirk is in

1

2 the audience as yet;

3

And, of course, our next presenter,

4

Bill Kanaga.

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Let's give a round of applause to

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these gentlemen.

7

(Applause.)

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CHAIRMAN TARANTINO: Bill, we would

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like you to award the 1995 Gold Medal and make the

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presentation.

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MR. WILLIAM KANAGA: Jake, I

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watched yesterday a video of a roast done of Monday

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several years ago. It was done in his home bailiwick

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in Baton Rouge, but as I mentioned with Don, when I

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found out this was going to be videotaped, I decided

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to delete some of the warm remarks made by his friends

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from home.

18

Monday, we are here to pay tribute

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to you, to an individual who has devoted his entire

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career to public service:

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To his profession both nationally

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and in his home State of Louisiana;

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To the cause of good government in

24

Louisiana and especially the Greater Baton Rouge

25

community;

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2 To education in that State including
3 his alma mater, Louisiana State University;

4 To a long list of civil service
5 organizations, more than one can imagine one person
6 being involved in;

7 And last, but not least, to his
8 church and to many other character-building activities
9 for the youth of Baton Rouge.

10 Looking at Monday's outside services
11 and accomplishments leaves me with my mouth agape. How
12 Monday found time to also run a professional practice
13 is more than I can figure. It's certainly humbling to
14 me to look at the list of all he has done right from
15 the time that he graduated from LSU in 1949.

16 His service to the accounting
17 profession started over thirty years ago in the
18 Louisiana Society and has continued to this day
19 before, during and after his tremendous contribution
20 to our American Institute.

21 He has been Chairman of the State
22 Society and has served on its Board for eight years,
23 President in 1978-79.

24 He served on the AICPA for six years
25 and as its Chairman in 1985 and '86, plus membership

2 on a dozen or more committees, several where his
3 personal time and wisdom and commitment was major in
4 the area of ethics and professional standards.

5 Monday has been active in his state
6 and local government, a member of the state
7 legislature for four years in the 1970s and a member
8 of a committee which rewrote his state constitution, a
9 member of a number of blue ribbon committees on budget
10 and tax reform there, and currently a member of a
11 three-person committee on compensation for all
12 Louisiana-wide elective offices.

13 He lectured at LSU for a number of
14 years and involved himself in alumni affairs.

15 And also served as President of the
16 Louisiana Accounting Education Foundation.

17 Finally, in civic affairs his
18 service reads like a honor roll of board membership of
19 the Baton Rouge community: Chamber of Commerce,
20 Rotary, YMCA, United Way, Boy and Girl Scouts, private
21 schools in his hometown and parish.

22 The list of service and the list of
23 responsibilities are lengthy and aggressive.

24 But those are just the facts.

25 What we all remember about Monday is

1
2 his tireless willingness to serve, his commitment to
3 whatever has been necessary, his soft spoken manner
4 and his constant good humor.

5 What a career to look upon. But
6 Monday isn't retiring. He's a bank president and chief
7 executive and looking ahead to the next century.

8 All of this couldn't have been done
9 without the constant support of two women by his side,
10 Bessy until her death and Carolyn who is with him this
11 morning.

12 Our deep appreciation as well to
13 Letty and Laurie who are with us today and to Linda
14 and Libby for their great understanding through the
15 years of the time and energy needed by Monday to
16 support his profession.

17 We in the profession have a great
18 debt of gratitude, Monday, to all of your sacrifice,
19 your wisdom, your ability to bring divergent views
20 together over these many years.

21 Thank you for all of it. The
22 profession is a great one because of the Monday Lowe's
23 with whom the profession has been endowed.

24 Monday.

25 (Standing ovation.)

1
2 MR. WILLIAM KANAGA: The citation:
3 The Gold Medal Award for
4 Distinguished Service to Herman J. Lowe -- whoever he
5 is --

6 (Laughter.)

7 MR. WILLIAM KANAGA: -- but it
8 corrects itself in the first sentence.

9 "Herman J. (Monday) Lowe, has
10 provided dedicated service to the accounting
11 profession for virtually his entire professional
12 career.

13 "To the benefit of us all, his
14 commitment to the profession has included significant
15 involvement with the American Institute of Certified
16 Public Accountants.

17 "Mr. Lowe's impact on the AICPA has
18 been widespread and profound: the Chair of the
19 Institute's Board of Directors and the Professional
20 Ethics Committee, years of service on its governing
21 Council and a distinguished member of the Special
22 Committee on Standards of Professional Conduct, the
23 Strategic Planning Committee, the Special Committee on
24 Specialization, and the Legislation Committee and
25 several of its task forces among others.

1
2 "Additionally, he has been active in
3 the Society of Louisiana CPAs having served as
4 President of that organization as well as on many of
5 its committees.

6 "He has also served as Chair of the
7 Ethics Committee of the International Federation of
8 Accountants.

9 "Monday Lowe was founder and
10 managing partner of H. J. Lowe & Company, CPAs, for
11 thirty-four years. He has also had a distinguished
12 record of government service, having been a member of
13 the Louisiana Legislature. In addition, he served as
14 city clerk, was an elected delegate to the State's
15 Constitutional Convention, was Chair of a blue ribbon
16 committee on budgetary reform in State government and
17 served as a member of a special legislative
18 compensation study committee.

19 "Mr. Lowe's interests also extended
20 to the area of education, having served as lecturer in
21 accounting at Louisiana State University for fifteen
22 years.

23 "He also was President of the
24 Louisiana Accounting Education Foundation and
25 participated in professional educational development

1
2 sessions for the Institute and the Society of
3 Louisiana CPAs.

4 "His recognitions include the
5 AICPA's National Public Service Award for outstanding
6 service provided to a local community, numerous awards
7 for meritorious service to the profession by the
8 Society of Louisiana CPAs and Accountant of the Year
9 by Beta Alpha Psi of Louisiana State University.

10 "In recognition of such a
11 distinguished career and with great appreciation, the
12 Institute presents the Gold Medal for Distinguished
13 Service, its highest award, to Herman J. (Monday) Lowe
14 on October 24, 1994.

15 "Dominic Tarantino, Chairman."

16 (Applause.)

17 MR. MONDAY LOWE: Thank you, Bill,
18 for those very kind words.

19 It's better than the first draft I
20 saw. Dom had asked Bill to make his introduction short
21 because we were going to be short of time and they
22 were a little afraid of how much time I would take.

23 So he asked him just to say a few
24 words about Monday Lowe generally speaking.

25 So the first draft that I saw of

1
2 Bill's introduction was: I introduce Monday Lowe, and
3 generally speaking he's generally speaking.

4 (Laughter.)

5 MR. MONDAY LOWE: This other
6 version was best, Bill.

7 Coming from someone that has done so
8 much for the profession as Bill has and so much for
9 the business community nationally makes his comments
10 much more meaningful to me.

11 It's tradition for the recipient of
12 this award to have the opportunity to make a few
13 comments.

14 But before those comments I at least
15 would like to ask my family to stand. Bill has already
16 introduced them. And maybe I could get them to all
17 stand at one time.

18 My daughter, Laurie, who is an
19 accountant and Chief Executive Officer of Marine
20 Operations, Baton Rouge, and her husband, John, their
21 son Tray, a super grandson.

22 Then we have Letty. Letty is our
23 youngest daughter. Letty is a member of the AICPA. I
24 had the privilege of having Letty hold off joining the
25 AICPA for a year in anticipation of my being Chairman.

2 So I was able to put a little personal touch to the
3 signature on her certificate that said "dad" at the
4 end of it.

5 (Laughter.)

6 MR. MONDAY LOWE: And, of course,
7 the lady that has been so helpful to me in recent
8 years, my wife, Carolyn.

9 (Applause.)

10 MR. MONDAY LOWE: I could never
11 measure the support that this family has given to me.

12 And while I'll talking and
13 mentioning support, I certainly want to acknowledge
14 the support that the members of the Institute have
15 given me through the years, support from staff of the
16 Institute and a group that I've come to love through
17 the years and worked very closely with, the execs from
18 all of the States that support all of us so much and
19 means so much to our profession.

20 I think that those of you who know
21 me know that I'm proud of this profession and ready to
22 do whatever is possible to keep us the most respected
23 of all professions.

24 I've had the privilege of working
25 closely with you. And in each of those instances it

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has been a real learning experience for me.

 This Gold Medal that I've just received is not about Monday Lowe. It's not about James Don Edwards. Even though James Don Edwards and I graduated from the same graduation class from LSU -- and I think that's noteworthy since Don Edwards got the Gold Medal last year, I got it this year, not to mention the fact that Jake Netterville is the Immediate Past President of -- the past Chairman of the Institute.

 There is not much that LSU can say these days so I thought I would take the opportunity -
-

 (Laughter.)

 MR. MONDAY LOWE: -- to get something positive over the table about LSU.

 But it's not about Marvin Strait. It's not about B. Z. Lee or George Anderson or Bill.

 It's really about a great profession that has grown to be the most respected because of all of our outstanding leaders.

 I just happened to be in the right place at the right time to receive this award in recognition of all the great contributions that all of

1
2 you have done through the years.

3 So on behalf of all of you who have
4 done so much, I say thanks to you and to a great
5 profession for making this award possible.

6 Our profession is truly the engine
7 that drives our free enterprise system. In our free
8 enterprise system initiative is open to everyone. The
9 reward of effective initiative is a profit. The
10 penalty for ineffective initiative is a loss.

11 Such a system demands the orderly
12 flow of reliable financial information.

13 Our profession continues to stand
14 today, and I submit will stand in the future, as the
15 only source of reliable unbiased credible financial
16 information.

17 The capital markets of the world
18 cannot operate without the services of our members, an
19 awesome responsibility, and there is no heavier burden
20 than a great responsibility.

21 Yet as demanding as the system is,
22 we have always met the challenge. I want to talk just
23 a few minutes about how we have been successful in
24 meeting that challenge.

25 Many of you know that a large part

1
2 of my career, as Bill has said to you, has been in
3 ethics. So that gives you some idea of what my
4 comments are likely to be about.

5 Our profession in the United States,
6 as all of you know, is now in its 107th year.
7 Throughout these 107 years the profession has faced
8 innumerable challenges and pressures from within as
9 well as tremendous pressures externally.

10 Of vital concern to us has been our
11 image as professionals in the minds of our publics and
12 our peers.

13 Our forefathers were, as we are
14 today, determined that certain standards of conduct
15 must be met -- if not exceeded, to maintain -- by
16 members of the Institute.

17 Paramount to all of these issues
18 faced by members in all of the years that our
19 profession that has existed have been those of
20 independence, integrity and objectivity.

21 Throughout the years the
22 independence of a member has always been paramount and
23 a major concern.

24 Suffice it to say that independence
25 has been a pervasive concern of our members, the

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public and the government.

The importance of independence has always been clearly visible during the development of our various rules.

I know that you sit wondering why I'm addressing you on something that is so elementary to our profession.

I do so to remind you that if we are to continue to be useful to the publics we serve, we must continue to render quality professional services based upon professional standards and rules of conduct.

In order for us to be of maximum value to those we serve, there must be clear evidence of the Institute's continual evaluation and re-evaluation of the standards and rules of conduct in light of changes and environments in which our members practice.

I submit that past history proves that our profession is effective at self-regulation and continual evaluation and re-evaluation of our standards and rules of conduct, evidenced by changes in our independence -- professional and behavioral standards in our Code of Professional Ethics, which

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included:

The profession's intense re-evaluation of standards and self-regulation after the 1929 collapse of the stock market which brought about a major strengthening of our independence standards, both in fact and in appearance;

Restructuring the rule on advertising;

The promulgation of pronouncements addressing solicitation which in the final analysis led to a vote by the membership in 1979 to remove the prohibition of direct, uninvited solicitation;

Restructuring of our rule on contingent fees;

Restructuring of our rule on commissions;

And, most importantly, the restructuring of our overall Code of Professional Conduct by the Anderson Committee during the mid and late 1980s.

The revision of our Code of Professional Ethics that I've just outlined are but a few examples of the changes that have taken place through the years as a result of the Institute's

2 continual evaluation and re-valuation of our standards
3 and our Code of Conduct.

4 Changes were not easy and often
5 painful to make.

6 However, these and other major and
7 minor changes have come about through a well-designed
8 system and a well-established AICPA program of
9 governance where all are provided the opportunity to
10 be heard either directly or indirectly through elected
11 members of Council or State Society appointed members
12 of Council.

13 I have never seen any change to our
14 standards, our rules, that did not get more than
15 adequate exposure and more than adequate debate before
16 the change was approved.

17 Compared to Congress of the United
18 States and the State legislative bodies that operate
19 in our representative democracy, the AICPA appears to
20 be efficiency and speed in action.

21 From time to time there have been
22 those who would recommend change in our AICPA system.
23 But I see no need for any major changes in the
24 Institute's governance and structure that deals with
25 this continual evaluation and re-evaluation of our

2 standards and rules, but rather suggest that we have a
3 system that works in the best interest of the publics
4 that we serve.

5 In closing, I want to say how
6 pleased I am to have participated with so many of you
7 in helping to write a few chapters in the history of
8 our profession.

9 Some of my greatest moments have
10 been those that we spent together on behalf of the
11 profession.

12 Just a reminder, that all of you own
13 a business of this rock.

14 Thank you for all of the past
15 courtesies and God speed to all of you and all that
16 you do in the future.

17 Thank you very much.

18 (Standing ovation.)

19 CHAIRMAN TARANTINO: Monday, your
20 humility in the face of a long list of
21 accomplishments, awesome list of accomplishments,
22 should be an inspiration to all of us.

23 And your reminders of our -- the
24 roots of our profession is welcomed and will be
25 remembered.

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I thank you very much.

Thank you too, Bill, for making
these presentations.

This year, J. H. Cohn & Company have
completed their eighth year as the independent
auditors of the AICPA.

And I am pleased to introduce Tom
Marino who will present the auditor's report.

Tom.

MR. TOM MARINO: Thank you, Dom.

Good morning.

As a representative of J. H. Cohn &
Company, I'm pleased to present the AICPA's July 31,
1994 financial statements.

As a first-time presenter, I'm
especially pleased to be able to present financial
statements that reflect a twenty-five percent increase
in revenues over expenses over that of the prior year.
It makes the job a lot easier.

As in the past, we will limit our
presentation to a few general comments concerning the
year and then open it up for questions.

The first comment deals with our
opinion.

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2 In addition to rendering an
3 unqualified opinion on the July 31st financial
4 statements, which are contained on page twenty-one, J.
5 H. Cohn, as it did last year, examined management's
6 assertions that the AICPA maintains an effective
7 internal control system over financial reporting.

8 This, of course, arose out of the
9 Treadway Commission's Report, better known as the COSO
10 Report.

11 In May of 1994 there was an addendum
12 to that report. The addendum expanded management's
13 responsibility for public reporting to include the
14 safeguarding of assets against unauthorized
15 acquisition, use or disposition.

16 Our engagement was, therefore,
17 expanded to test that assertion.

18 And as indicated in our opinion on
19 page twenty-two, we believe management's assertions to
20 be fairly stated in all material respects.

21 As far as the financial statements
22 themselves go, I believe they are straightforward
23 including the notes in the financial statements. They
24 speak for themselves.

25 In searching for some comments to

1
2 make about the financial statements, I couldn't come
3 up with anything that was not already contained in
4 management's discussion and analysis.

5 So rather than be redundant, I'll
6 refer you to that document which is on page nineteen.

7 I would like to take the time,
8 however, to thank the Board, the various committees we
9 work with, management and staff, for extending their
10 full cooperation during the course of the audit.

11 Now I would like to open it up for
12 any questions concerning the financials.

13 (No response.)

14 MR. TOM MARINO: Thank you.

15 CHAIRMAN TARANTINO: Thank you very
16 much.

17 The Board of Directors has
18 recommended to Council the election of J. H. Cohn &
19 Company as the independent auditors for the Institute
20 and its affiliates for the coming year, 1994-95.

21 The Bylaws provide that it is the
22 duty of Council to elect the independent auditors, and
23 that action will be taken during the Council meeting
24 which will follow the Annual Members Business Meeting.

25 I would ask Leonard Pfeiffer of

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Korn/Ferry to join me here at the podium.

Leonard, where are you?

As many of you know, Phil Chenok indicated that he will not seek reelection as President of the AICPA. And I thought it would be well during this portion of the Annual Members Meeting to bring you up-to-date on the progress we are making to find a successor to Phil.

Subsequent to his notification, the Board of Directors appointed a Search Committee to recommend to the Board a candidate to succeed Phil.

The Search Committee engaged Korn/Ferry International to provide professional search assistance.

Leonard Pfeiffer, a partner in Korn/Ferry, is with us here this morning to help provide -- help me provide you an update on our efforts.

With the assistance of Korn/Ferry, a position description and candidate profile has been developed.

That document was included in your package of materials for this meeting.

I should add that the description

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2 which you have before you was prepared with
3 considerable input obtained via personal interviews
4 and discussions with over eighty of our constituents.
5 These are people who have an interest in the selection
6 of a President and the person who holds that position.

7

8 I should also point out that almost
9 five hundred individuals who equally have an interest
10 in the profession were asked -- invited to give us
11 their comments as to the qualities and attributes that
12 we should be seeking in a successor CEO.

13

14 The Board of Directors has conducted
15 numerous discussions regarding the profile of the
16 candidate being sought as well as to the contents of
17 the position description.

18

19 At its last meeting the Board
20 approved the position description you have in front of
21 you.

22

23 And as you will quickly see, we
24 envision the new President dealing with a number of
25 critical issues which recognize the need for
developing programs and policies which address our
diverse constituencies, the need to strengthen our
role in the eyes of the public and in the eyes of the
government, as well as to position ourselves to deal

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effectively with the many diverse issues, such as liability, technology, the growth in the non-auditing sector of the profession and the increasing diversity of the workplace.

You will note too that the principal responsibilities of the new president are very diverse and far reaching.

And the experience and the qualifications on the list, the personal characteristics that we seek, those in combination are a very formidable list.

As I wrote to you, it might appear that we are seeking a paradigm that will be difficult to find.

But the Search Committee, I think, and the Board of Directors is quite realistic that finding one individual with all of these traits may be difficult. Obviously, as we go through the process, we'll have to prioritize which are more important than others as we seek the final candidate.

Korn/Ferry is seriously into the process of screening candidates now. We believe that we can present a candidate to the Board of Directors sometime in the month of February and we will be

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2 elaborating with you on the timetable later on this
3 afternoon during the Council portion of this meeting.

4

5 I think at this point, before
6 asking you for any comments that you might like to
7 make about the position description or the process
8 that we have engaged in so far, I would ask Leonard
9 Pfeiffer if he could give us some comments on the care
10 which we've taken in the development of the position
11 description and perhaps some comment on the themes
12 that you heard in the interviews that were conducted
13 with the eighty constituents that I mentioned.

13

Leonard.

14

MR. LEONARD PFEIFFER: Thank you,

15

Dom.

16

17 Let me just point out that this is
18 an unusual search. We've conducted a great number of
19 searches for major professional organizations like
20 yours, but I have to tell you that we've never had one
21 that was quite as careful about making sure we got
22 everybody's opinion.

22

• And I say that very positively.

23

24 We have spoken to approximately
25 seventy -- and I assume most of the seventy people are
out here in this audience -- seventy different what we

1
2 call constituents to solicit from them both the
3 description that you saw there, that is, the
4 characteristics in the description and also, frankly,
5 general input about the organization.

6 I would like to share with you a
7 couple of broad comments there.

8 Number one, almost every one of
9 those people we've spoken to has indicated a strong
10 appreciation for the fact that the Board is reaching
11 out as deeply into the membership as it is to get
12 their opinion, to give them a chance to put their
13 proverbial two cents in. So they have been very
14 complimentary to your Board that way.

15 Number two, they have also been very
16 complimentary on the way Phil Chenok has run the
17 organization; very gracefully I think was one of the
18 words that I liked best, has gracefully managed the
19 AICPA through some pretty tough times in the last five
20 or ten years. And I think you should be proud of what
21 he has done for you that way.

22 They also had some pretty strong
23 opinions in general on the prime characteristics of
24 the new leader figure for the organization.

25 These are outlined in the job

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description you've seen. But I think the six main ones -- and I say six main ones in the sense of the most commonly mentioned points. And these are almost in order of priority, that is, in order of popularity rather.

And I should carefully point out here that these are people looking at where do you want to go, the proverbial, you know, what do we want to do between now and 2001. And these are characteristics for the changing climate that you'll all be operating in.

Leadership and vision were mentioned almost unanimously and almost in combination, that is, not only a strong leader but a visionary leader as well.

The next skill that was very, very important, very high on the list, were communication skills, and specifically communication with members, communications with the media, communications with Washington, the legislative process, the regulatory process, and also very importantly, communication skills when it comes to dealing with the staff and be a very strong link between the staff and the membership.

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The next characteristic in order of so-called popularity, management expertise. You are talking about an individual here to run a \$100 million organization. So you need somebody that has substantial management experience already.

And then credibility and consensus-building skills were the last of the six that I put as the high points there that you all mentioned to us and, again, are the main characteristics we are looking for in the new executive to run AICPA.

Beyond that, there is some substantial divergence on specific issues.

For example, should the individual come from the public sector or the private sector?

Should the new executive come from a larger firm or a smaller firm?

Should he or she be an insider versus an outsider?

Even should they be an established, mature executive or should they be the proverbial rising star?

And these are some of the characteristics that are going to be evident in the candidates that the Search Committee itself is going

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to have to decide between.

I'm more than happy to give you,
Dom, if you want, a kind of an overview of the
potential candidates.

Where do you want to go with it?

CHAIRMAN TARANTINO: Let's ask if
we have any questions on the position description and
the qualities and attributes that we have listed here,
or really anything on the process. And we can go back
to Leonard for any further comments that he would like
to provide.

(No response.)

CHAIRMAN TARANTINO: Why don't you
go on, Leonard, and keep this going.

MR. LEONARD PFEIFFER: I think just
to give you a sense of the progress to date, we have
already been -- in round numbers we have spoken with
somewhere in the area of seventy to seventy-five
constituents, as I said a moment earlier.

Unrelated to that, Korn/Ferry has
developed an additional list in excess of a hundred
people that we think would be either good sources or
potential candidates for the position.

So, again, in round numbers area you

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got about a hundred and seventy-five, give or take.

Right now, as far as -- we are starting to narrow that list. If you think of this as a funnelling process, we are dealing with a group that, depending upon how you define candidates versus sources, ranges between seventy and thirty-five executives.

And basically on that we are focusing on a subsection of that group as the so-called prime candidates, and then depending on their both qualifications and interest level, keep looking beyond that.

We also -- just a question that comes up, which is a curious one, how many unsolicited resumes have we received. To our surprise we have only receive about twenty of those. And, frankly, several of them were well-qualified and several were really off the mark a little bit. But I don't fault them for throwing their hat in the ring.

We are in the process right now of approaching a lot of people directly, the numbers I just gave you, describing to them the opportunities, soliciting from them details on their background, and then, in turn, making a recommendation to the Search

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2 Committee that they meet or not meet the individual as
3 the case may be.

4 CHAIRMAN TARANTINO: Any questions
5 or comments?

6 Are you comfortable with the process
7 that we are undergoing?

8 I hope you are. I'll take your
9 silence to mean you are comfortable with what we are
10 doing.

11 We are trying to develop an as
12 inclusive process as you can with respect to type of
13 person that we are looking for.

14 I think we've gotten a lot of good
15 advice and it's going to be very helpful to us as we -
16 - actually as Korn/Ferry gets into the issues of
17 actually interviewing candidates and describing to
18 them the position.

19 The document that you have in your
20 materials will be the working document to both solicit
21 candidates and interview candidates.

22 Please.

23 MS. MARGARET DEBOE: I have one or
24 two comments.

25 CHAIRMAN TARANTINO: Could you

2 state your name, please?

3 MS. MARGARET DEBOE: I'm sorry.

4 Margaret Deboe. I'm elected to Council, a member from
5 Washington, D.C.

6 CHAIRMAN TARANTINO: Thank you.

7 MS. MARGARET DEBOE: We are a
8 membership organization and I sense a growing, I don't
9 know if disillusionment is the word, but an
10 estrangement of the Institute itself from its
11 membership.

12 We do a lot in the professional
13 area. We do a lot in the technical area.

14 But I think we don't have -- I don't
15 think there is a sense in a large proportion of our
16 members that this is a dynamic organization that
17 really involves them or influences them. They look at
18 it as an organization that sets rules that they have
19 to abide by.

20 As an example, I work exclusively
21 with associations in non-profit organizations. I was
22 in Boston two weeks ago because one of my associations
23 had their annual meeting here. This is an association
24 of professionals, not dissimilar to us.

25 That association has 35,000 members,

1
2 roughly I think about ten percent of the American
3 Institute.

4 They had 6500 people here in Boston
5 for their annual meeting two weeks ago. They had to be
6 put up at eighteen hotels. Their convention was held
7 over here at the Convention Center. They rented Boston
8 Gardens to have a dessert reception one night.

9 And this is in contrast to this,
10 which is our annual meeting right here.

11 I think it's interesting to note
12 that in the principal responsibilities the word
13 "member" or "membership" is not even mentioned.

14 I see a significant problem in the
15 American Institute in the coming years to be a
16 marketing problem. I think we have to market ourselves
17 to the general public.

18 I think there has been a significant
19 amount of if not adverse publicity, at least neutral
20 publicity. Indicative of this I think is an article in
21 The Washingtonian magazine last month that listed the
22 top certified -- or the top financial planners in
23 Washington.

24 The article said that CPAs shouldn't
25 even be considered because all we do is tax returns

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and deal with historical data.

I think this is the perception in the general public, and I don't think we are doing enough. I mean I think that the stuff that we are doing is indicated by the tape we saw earlier. It's marvelous. I don't think that word is getting to the members. It's not getting to the public.

I'm a partner in an eight-partner firm and there is not one partner other myself that has any interest whatsoever in having anything to do with the American Institute other than getting life insurance from it.

This is all very long winded, but what I'm saying is that I think we need somebody who can lead us in new directions with our membership, somebody who is capable of thinking outside the box, which is the popular term right now.

And, quite frankly, I think this is very much in the box.

I mean I think we should kind of cut to the bottomline and say if we want as our -- if we want to limit as our incoming chairman or president, whatever the title is, a white male, over fifty, from a large accounting firm, then we ought to say it.

1
2 I for one don't see any reason why
3 we need a CPA to act as the president of this
4 organization.

5 I think a good association manager
6 who can deal with members, who can create some
7 excitement in our membership, who can create some
8 feeling of esprit de corps, who can market, would be
9 wonderful.

10 And I think it's generally
11 acknowledged that most accountants can't market.

12 I think we are limiting ourselves
13 unduly by specifying that we have to have a CPA.

14 CHAIRMAN TARANTINO: All right,
15 Margaret. Thank you very much.

16 (Applause.)

17 CHAIRMAN TARANTINO: I was going to
18 ask you to take a breath because I couldn't remember
19 all the issues that you mentioned.

20 But obviously we are in sympathy
21 with many of those.

22 Let me correct one point that I
23 think I heard you say that the position description
24 didn't say that the positionship was on the Board.
25 Well, it is on the Board. The President is on our

1
2 Board of Directions. I think you raised that as an
3 issue.

4 The CPA issue is a Bylaw matter.

5 And I think, as we've described
6 before, it will require a change in the Bylaws. And
7 that is an issue that we think has to be confronted in
8 a very thoughtful way.

9 And I anticipate that the Search
10 Committee will come forward with a number of
11 recommendations for improving this process in the
12 future. But to engage in, you know, an effort to
13 change the Bylaws in connection with this search would
14 be a very difficult, arduous and a controversial task
15 and time does not permit us that luxury.

16 You can fault us on not anticipating
17 this two or three years ago. But I think at the same
18 time I think at the moment we have to pursue this on
19 the basis of adhering to the Bylaws which, of course,
20 we will. It must be a CPA.

21 Your issues about, you know, the
22 disenfranchisement, disillusionment, we are trying to
23 address those issues.

24 Some of the things that you saw on
25 the video are attempts to do that. We're very mindful

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2 of the concept that was described so eloquently at a
3 meeting yesterday, at the committee chairs with Barry
4 Melacon of the Louisiana Society. He described it that
5 we have to be very conscious that many of our members
6 think we are doing it to our members rather than for
7 our members.

8 And we are conscious of that. We are
9 trying to address that. The image enhancement program
10 is one of the initiatives that we hope will convince
11 members that we are trying to market the CPA in a
12 broad yet constructive sense.

13 You will hear on Tuesday from your
14 new chairman, Bob Israeloff. He is very conscious of
15 this issue and he will put great emphasis on it.

16 I think we have a number of programs
17 underway that are very -- that are trying to bring --
18 enfranchise rather than disenfranchise all of our
19 members.

20 You point out the thousands of
21 people that attended the organization that you
22 mentioned. It's difficult to compare organizations. We
23 have a long history. There are a lot of reasons for
24 the way, for the format of our meeting and why there
25 are seven hundred people here rather than seven

2 thousand. I don't think we can go into those today.

3 But in spirit as to about the type
4 of person we are looking for, we believe -- the Search
5 Committee believes that it is looking for that type of
6 individual that has vision, push our -- help us market
7 what this great profession has to offer, and we
8 believe the position description embodies that.

9 Again, we can't have a committee of
10 two hundred and sixty or seven hundred to draft a
11 position description.

12 But I can tell you the Search
13 Committee is committed to find the kind of person that
14 you describe.

15 Len, is there anything that you
16 would like to add?

17 MR. LEONARD PFEIFFER: Yes.

18 Maybe not necessarily in defense,
19 but maybe some of the words that I use in this job
20 description here, when we were talking about an
21 individual who can formulate and implement a strategic
22 vision/focus on the future of the profession, you can
23 carry that to say on the future of the profession and
24 membership is very much a focus on the membership. We
25 are very conscious from that seventy-some-odd people

2 that we talked to out there of this concern, to use
3 the word, disenfranchisement.

4 There is very heavy emphasis on
5 communication skills with the members in the new
6 executive, somebody who is going to have to bend over
7 backwards doing that. There is an ultra-sensitivity to
8 these issues, but I appreciate your putting them on
9 the table again.

10 CHAIRMAN TARANTINO: Other
11 questions or comments or advice of Council on this
12 very important endeavor?

13 (No response.)

14 CHAIRMAN TARANTINO: Okay.

15 We will discuss some of the time
16 line issues later on this afternoon and Leonard will
17 be with us again.

18 For now I thank you very much.

19 (Applause.)

20 CHAIRMAN TARANTINO: Now, we have
21 provided time on the agenda to give you an opportunity
22 to raise any items which are on your mind which you
23 believe would be of interest to the group.

24 Are there any such items that any of
25 you would like to put before the members at this

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Annual Meeting?

I identify the distinguished gentleman from Indiana I believe, or Ohio. No, Ohio. Excuse me, Gary. Wrong.

MR. GARY PREVITS: I guess that's a New Yorker's view of the world, isn't it?

(Laughter.)

CHAIRMAN TARANTINO: I do it all the time.

MR. GARY PREVITS: Around that midwest somewhere.

CHAIRMAN TARANTINO: Give me credit. I got beyond Hudson.

(Laughter.)

MR. GARY PREVITS: Gary Previts from the State of Ohio.

The question I had has to do with some materials that were in the agenda kit for the members of Council. Two items in particular.

On page seventeen of the Annual Report we have a very nice map of the jurisdictional activities with regard to the 150-hour educational requirement, but there is no narrative.

And I was given the other handout on

2 the strategic survey that points out that ninety
3 percent of the members in 1994 confirmed the
4 importance of adopting uniform requirements for the
5 CPA certificate. Yet we have a membership requirement
6 that will go into force in the year 2000.

7 And since Monday's here, in eighteen
8 -- in 1987 -- I have an historical bias there -- since
9 1987, we've had this initiative which has come from
10 very few states, it's merely thirty-five.

11 And I wonder if it might be possible
12 to get an update on the agenda and the -- I guess if
13 there are some present elects that are looking for
14 things that will make them memorable the way Jan
15 Williams talked about this morning, we might be a
16 crowded sound in a very crowded agenda.

17 But if there is someone in the
18 Institute, either Ray who is chairing that committee,
19 or Rich Elam who could perhaps provide an update on
20 that, I would very much appreciate it.

21 CHAIRMAN TARANTINO: Well, let me
22 give you what I can recall.

23 First of all, it's on the agenda. It
24 remains on the agenda. The AICPA leadership is very
25 committed to the 150-hour requirement.

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There are thirty-two states who have enacted the laws. There are five or six states that have laws introduced and who are seeking action next year. And there is another five or six that are seriously considering introducing -- working on introducing appropriate legislation.

I think the 150-hour committee is very much in business. We are committed to helping those states who have yet to pass the 150-hour requirement to do just that, help them as we helped many of the other thirty-two states.

So there is no equivocation or ambivalence, Gary, in the Institute's commitment to see that the 150-hour requirement spreads across the country.

I see Rich Elam at the mike so why don't we get some more wisdom on the subject.

MR. RICH ELAM: Thanks, Dom.

I just want to make a commercial message.

On December 6th the 150-hour committee is sponsoring as joint AICPA/NASBA workshop immediately following the Joint Conference on State Regulation in New Orleans.

1
2 And the workshop will provide an
3 opportunity for states that don't yet have the law to
4 share experiences and materials and develop strategies
5 that will work.

6 So I invite all of you states who
7 have not gotten the thing in place yet to join us for
8 that event. I think you'll find it useful. We have a
9 lot of materials and a lot of things that we can share
10 with you.

11 CHAIRMAN TARANTINO: I guess the
12 sum and substance, Gary, that the 150-hour effort is
13 alive and well.

14 Are there any other questions on
15 that, comments on that subject?

16 (No response.)

17 CHAIRMAN TARANTINO: If not, Ray.

18 MR. RAY RODRIGUEZ: Thank you, Dom.
19 I'm Ray Rodriguez, member from
20 Florida.

21 In Phoenix at the last meeting I
22 reported to you on the lawsuit that IDS Financial
23 Services, a subsidiary of American Express, had filed
24 against the Florida Board of Accountancy.

25 That lawsuit was settled a few

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months ago. Essentially Florida preserved the law. The only thing that IDS was allowed to do was to issue plain paper financial statements as part of that settlement.

But things such as the holding-out rule was keep intact and the ownership of firms was also kept intact.

Unfortunately, IDS -- by the way, that lawsuit was filed in Florida State Court.

Unfortunately, IDS has seen fit to refile that lawsuit last Wednesday in Federal Court and they are now specifically challenging the holding-out rule as well as the ownership of CPA firms rule.

The reason that I stand here before you today is to solicit the support of the Institute and to solicit the support of the membership and the other State Societies.

Monday Lowe spoke earlier about objectivity. I think that our objectivity would be greatly impaired if we went the rule of commercializing our profession.

Don Schneeman spoke eloquently about CPAs being keepers of trust.

I don't think that we could

1
2 guarantee keeping the trust for the public if we were
3 to commercialize our practices.

4 And I would solicit your support.

5 CHAIRMAN TARANTINO: Thank you,
6 Ray.

7 (Applause.)

8 CHAIRMAN TARANTINO: You can be
9 sure that the Institute shares the Florida Institute's
10 concerns about this new development and we will review
11 the matter just as we did with the prior issue and
12 decide how we can be of best assistance in this
13 effort.

14 I would urge any other interested
15 State Societies to do the same.

16 Are there other questions, comments?
17 Anything on your mind?

18 (No response.)

19 CHAIRMAN TARANTINO: All right.
20 We complete our session, the Annual
21 Members Business Meeting.

22 Council has work to do. And the
23 Members of the Institute who are in attendance at this
24 Annual Meeting and are not committed to any other
25 activity are invited to remain to observe the Council

1
2 sessions, and we hope you do.

3 We will now break for lunch.

4 We would like you back here in your
5 seats no later than at 1:45.

6 We will have lunch and we will hear
7 from Lynn Martin, former U. S. Secretary of Labor,
8 former member of the U. S. House of Representatives.

9 Secretary Martin will be speaking on
10 managing the new American workforce and also offering
11 commentary on the political scene.

12 Her remarks will be interesting and
13 entertaining. I invite you.

14 Thank you very much.

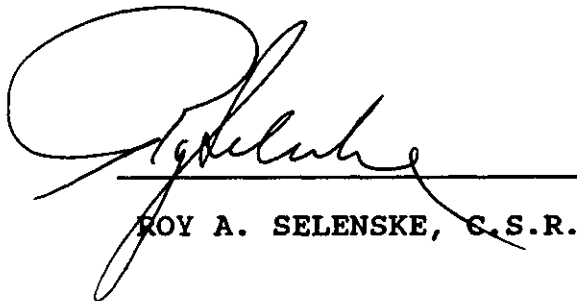
15 (At 11:37 o'clock a.m. the
16 proceedings were concluded.)
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5 STATE OF NEW YORK)
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11 I, ROY A. SELENSKE, a Certified Shorthand
12 (Stenotype) Reporter and Notary Public within
13 and for the State of New York, do hereby certify
14 that the foregoing pages 1 through 100 taken at
15 the time and place aforesaid, is a true and
16 correct transcription of my shorthand notes.

17 IN WITNESS WHEREOF, I have hereunto set my
18 name this 9th day of November, 1994.
19

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21 
22 ROY A. SELENSKE, C.S.R.
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