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Editorial

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The JOURNAL of ACCOUNTANCY

Official Organ of the AMERICAN INSTITUTE OF ACCOUNTANTS

A. P. RICHARDSON, *Editor*

EDITORIAL

A Word of Warning

At the annual meeting of the American Institute of Accountants held in Washington, September 20th, a representative of the solicitor of the bureau of internal revenue addressed the members of the Institute on a subject of so vital importance to the entire accounting profession and to the taxpayers of the country as a whole that we make no apology but rather express pleasure in the ability to present his remarks as most admirably expressing an opinion which should reach every member of the accounting profession.

Mr. Angevine's remarks are complete without comment. He said:

"Members of the American Institute: It is rarely, if ever, that a member of the legal profession gets a chance to talk to a society of accountants. Of course, in the bureau of internal revenue, we get to hear a good many accountants and a good many lawyers. It appears that the chairman of one of your committees, Mr. President, called upon the commissioner of internal revenue yesterday and requested him to appear before this body at one of your meetings. He was unable to do so and had requested me to say a few words on a matter which the whole treasury department is vitally interested in, and one which I know you gentlemen are vitally interested in, and that is the question of practice and enrolment of accountants, agents and attorneys to practise before the treasury department. I imagine that all of you are somewhat familiar with the questions and the problems which the treasury department is now confronted with concerning the admission to practice of individuals before that department, and I am pleased to say that in my experience with the treasury department for over a year last past we have had no difficulty with members of this organization in questions of practice before the department. However, some real problems do exist over there on the questions which relate not only to

attorneys but to accountants, and they are in connection with the qualifications and the activities of men who appear on behalf of taxpayers before the treasury department and particularly before the bureau of internal revenue. Applications to practise are being received from agents, accountants and attorneys at the rate of about twenty-five a day, and I believe I am safe in saying that at the present time there are some ten thousand men and women admitted to practice before the treasury department.

"The particular problem which I wish to talk to you about is the question of publicity and the solicitation of business, and I think I am safe in saying on behalf of the secretary of the treasury and the commissioner of internal revenue, that regulations in the near future will be promulgated which will require an accountant and an agent who has business before the treasury department to get that business and to carry it on on the same high plane of ethics which governs the other learned professions. I used to think that accounting was an exact science. Hearing the last end of the discussion of the gentleman who preceded me on the question of treatment of surplus and having occasion to read some authorities on accounting, I have decided that it is no more an exact science than is the law. Throughout the country firms of accountants and lawyers—and I hold no brief for either of them when they indulge in these practices—are going about soliciting business by communications, by personal interviews, by offers to take business on a contingent fee, and the treasury department is constantly being embarrassed by taxpayers' writing in and asking if such practices are to be countenanced by the department. I want to say to you gentlemen that such practices are no longer to be countenanced by the treasury department. An agent or an accountant, to my mind, has no more right to go out and solicit business from a taxpayer on a contingent fee than would a lawyer to do the same thing. I do not know whether you gentlemen have gone into this any or not; I think the treasury department is going to recognize the fact that lawyers and accountants and agents, if they do specialize in matters of federal taxation, will have a right to give publicity to their profession in a dignified, professional manner. The department is trying to discourage the idea of firms of lawyers or accountants advertising the fact that they have now connected with them a former official of the bureau of internal revenue, or implying by one way or another that a special condition of influence exists in Washington with their firm whereby it can put over things down here in regard to claims for refund and matters of adjustment of federal taxes that other men cannot do, on account of the fact, not of their qualifications as accountants or lawyers, but by reason of the fact that they were formerly connected with the bureau of internal revenue. That matter, I feel safe in saying to this meeting, is no longer to be countenanced. The treasury department naturally looks upon this body of men and women as

the leading exponents of clean, decent practice of the profession of accounting. I did not come here to ask you to do any particular thing, but I do want to give you on behalf of these men, on behalf of the treasury department, the viewpoint which we now have on it. Every day letters come in, as I say, from all over the country, enclosing communications which have been written by certain firms of lawyers and accountants, in which they are indulging in the most pernicious practices and which are a source of constant embarrassment, not only to you, but to us. The regulations of the treasury department on this question at the present time are not in an entirely satisfactory condition, although they are better than they were a year ago. I think I am safe in saying that a new regulation which will embody somewhat the following idea will be adopted within the immediate future, and I am going to read from this, not as something that has been adopted, but as a thought that is being proposed:

“No advertising descriptive of services to be rendered or setting forth the capacity and ability to render such service by agents and attorneys enrolled to represent claimants before the treasury department is permitted, except the use of letterheads, business cards and the insertion of cards containing the names, addresses and permitted designation of the business transacted in directories, newspapers, periodicals, magazines and trade journals. The solicitation of business by circulars or advertisements or other methods of advertising or by personal letters, communications or interviews not warranted by previous personal or business relations with the persons so addressed is unprofessional. Such practices on the part of attorneys or agents applying for enrolment or enrolled to represent the claimants before the treasury department are hereby prohibited. The procurement of business indirectly, through representatives or agents of any kind, whether they be individuals or corporations, and indirect advertising for business in any manner or by any method or device is prohibited.”

“Three weeks ago on behalf of the secretary of the treasury I had the pleasure along with another man of attending a meeting of the American Bar Association, and briefly I want to tell you what they did. A resolution was adopted by that organization to the effect that the committee on enrolment and disbarment of the treasury department might feel free at any time to call upon the state and local bar associations to answer inquiries relative to the fitness and qualifications of any applicant applying for admission to the treasury department, and I think I will be safe in saying that the treasury department would appreciate and would welcome a plan whereby the treasury department can call upon the American Institute of Accountants to pass upon the fitness and qualifications of applicants who are applying to practise before the treasury department. Of course, it is to be understood that any information which would be given would

be in an advisory capacity and would not necessarily be controlling on the committee. The committee on enrolment and disbarment of the treasury department is now an active committee, meeting practically every day in the week. Seven or eight men are devoting their entire time to this question, and they want to get at the truth of it. A determined effort is now being made to weed out these practitioners who are acting unethically and only admit those who have the qualifications and who are willing to play the game on the high plane of good ethics.

"I want to extend to this gathering an invitation to visit the treasury department in all of its ramifications. I will not promise a personally conducted tour, as you who have been down here know the bureau of internal revenue is all over the city. It has about 8,000 men and women employed, and I have no doubt most of you are familiar with the income-tax unit at least. The commissioner, Mr. Blair, wanted me to say to you men that he was sorry he could not be here and say a few words to you himself, but he is leaving today for New York and consequently could not be present. Now, in behalf of the treasury department, and particularly Mr. Blair, I want to thank you for this opportunity of appearing, as we feel that you men are in position to do some real service to your own profession, to taxpayers and to the government in this matter."