

10-1920

Proceedings of the Annual Meeting Held at Washington, District of Columbia, Sept. 21 and 22, 1920

American Institute of Accountants

Follow this and additional works at: <https://egrove.olemiss.edu/jofa>



Part of the [Accounting Commons](#)

Recommended Citation

American Institute of Accountants (1920) "Proceedings of the Annual Meeting Held at Washington, District of Columbia, Sept. 21 and 22, 1920," *Journal of Accountancy*. Vol. 30: Iss. 4, Article 6.
Available at: <https://egrove.olemiss.edu/jofa/vol30/iss4/6>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Journal of Accountancy by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

American Institute of Accountants

PROCEEDINGS OF THE ANNUAL MEETING HELD AT WASHINGTON, DISTRICT OF COLUMBIA, SEPT. 21 AND 22, 1920

Tuesday, September 21, 1920—First Session

The regular annual meeting of the American Institute of Accountants was called to order at 10 A. M., Tuesday, September 21, 1920, at the New Willard Hotel, Washington, District of Columbia, President Waldron H. Rand presiding.

The meeting was opened with prayer by the Rev. Hamilton P. Fox, of Washington.

Minutes of the preceding meeting as published in the year-book of 1919 were approved without reading.

The president then presented his report, which was accepted.

The statement of accounts prepared by the treasurer, accompanied by the report of the auditors, was read and accepted.

The secretary announced that the minute book of the council was on the table for the inspection of any member during the course of the meeting.

The report of the council was read.

It was resolved that the report of the council be accepted and that action be taken thereon with respect to the recommendations contained in the report.

The first recommendation in the report was to the effect that members be asked to subscribe to \$90,000 of 7% 20-year bonds to be issued by the real estate corporation to be formed to hold the property at 135 Cedar street, New York, contract for purchase of which on behalf of the institute had been made.

Reports of the sub-committee containing subscription blanks were distributed.

After further explanation of the matter by Arthur W. Teele, Edward E. Gore and the secretary, members were invited to subscribe.

At the suggestion of a member that subscriptions of less than \$1,000 be accepted, a few smaller subscriptions were made. The total amount subscribed by members and associates was \$82,800, most of which was subscribed in sums of \$1,000.

It was announced that the difference between the sum subscribed and the total amount required had been underwritten by several of the larger firms, on the understanding that any members who had not subscribed at the meeting and desired to participate would be able to do so upon application to the secretary, provided the supply of available bonds was not exhausted.

The Journal of Accountancy

Subscriptions were made by the following:

Albert T. Bacon, Chicago	John C. McAlpine, Philadelphia
Barrow, Wade, Guthrie & Co. New York	W. R. Mackenzie, Portland, Ore.
R. J. Beaman, Cincinnati	J. S. Matteson, Duluth
T. W. Betak, Chicago	Meldrum & Meldrum, Louisville
George L. Bergen, New York	Orlando C. Moyer, Boston
John A. Bowman, Columbus	Mucklow & Ford, Jacksonville
Harvey S. Chase & Co., Boston	Nau, Rusk & Swearingen, Cleveland
Earl S. Clark, Providence	Maurice E. Peloubet, New York
L. P. Collins, Pittsburgh	Peter & Moss, Dallas
Walter A. Coy, Cleveland	Pogson, Peloubet & Co., New York
J. D. M. Crockett, St. Louis	Joseph M. Pugh, Philadelphia
Ernest Crowther, Pittsburgh	Waldrón H. Rand, Boston
Robert Douglas, Boston	George Rea, Newark, N. J.
Robert Dysart, Boston	Ernest Reckitt, Chicago
Lewis G. Fisher, Providence	Seth L. Roberts, Portland, Ore.
Edward E. Gore, Chicago	Adam A. Ross, Philadelphia
Elmer L. Hatter, Baltimore	John R. Ruckstell, San Francisco
Charles L. Hehl, Baltimore	Scovell, Wellington & Co., Boston
W. P. Hilton, Norfolk	E. W. Sells, New York
E. R. Hudders, New York	E. G. Shorrocks, Seattle
F. H. Hurdman, New York	Arthur B. Sinclair, New York
Hutchinson & Smith, Dallas	William A. Smith & Co., Memphis
Benjamin Jacobs, New York	W. T. Sunley, Detroit
David A. Jayne, Charleston, W. Va.	W. S. Sutton, Pittsburgh
J. Porter Joplin, Chicago	Max Teichmann, Baltimore
Jordan & Jordan, Portland, Me.	Herbert M. Temple, St. Paul
Kohr, Brubaker & Fisher, Cleveland	T. A. Thurston, El Paso
John J. Lang, St. Louis	Touche, Niven & Co., New York
W. E. Langdon, Columbus	Vannais, Troub & Co., Hartford
Charles H. Langer, Chicago	W. F. Weiss, New York
Page Lawrence, Denver	James F. Welch, Paterson, N. J.
Loomis, Suffern & Fernald, New York	F. F. White, Montclair, N. J.
Lybrand, Ross Bros. & Montgomery, Philadelphia	W. S. Whittlesey, New York
	John R. Wildman, New York
	Raymond D. Willard, Boston

The next recommendation in the report of the council was to the effect that rule II of the rules of professional conduct should be amended by omitting the last sentence in the rule. As amended the rule would then read:

"No member shall render professional service, the anticipated fee for which shall be contingent upon his findings and results thereof."

It was moved, seconded and unanimously resolved that the recommendation be adopted.

American Institute of Accountants

The report of the committee on constitution and bylaws recommended by the council for action by the institute was next considered.

The following amendments were unanimously adopted:

Constitution: Article II, section 2, add a new paragraph.

"(d) Accountants in practice who shall present evidence of preliminary education satisfactory to the board of examiners, who shall have been in practice on their own account or in the employ of a practising accountant for not less than ten years, one year of which shall have immediately preceded date of application, who shall be recommended by the board of examiners after examination and elected by the council."

Article III, section 3, after the word "secretary" on the first line add "of the institute."

As amended the section would then read:

"Section 3. The council shall elect a secretary of the institute who shall also act as an executive officer under the direction of the council. The secretary may be chosen from without the membership of the institute, but he shall have the privilege of the floor at meetings of the institute, the council and the executive committee.

Article IV, section 3. Add at end of section:

"In lieu of a meeting of a committee the chairman may submit any question to its own members for vote by correspondence, and any action approved in writing by not less than two-thirds of the whole committee shall be declared an act of the committee."

Bylaws: Article IV, section 3. From fourth line delete "\$15.00" and insert "\$25.00."

The section as amended would then read:

"Section 3. The dues for each fiscal year shall include subscription to THE JOURNAL OF ACCOUNTANCY and to the year-book of the institute and shall be as follows:

"By each member.....	\$25.00
"By each associate.....	10.00"

The following proposed amendment was read:

Article IV, section 4. Add at end of section:

"Members and associates of the institute who shall have been members or associates in good standing for ten years may, upon reaching the age of seventy years, be exempt from further payment of dues."

The following resolution was moved and seconded:

Resolved, that the motion to adopt the proposed amendment to article IV, section 4 of the bylaws, be referred for reconsideration and report at the annual meeting of 1921.

The motion was carried.

The Journal of Accountancy

In response to requests the report of the special committee on administration of endowment was read for the information of members.

The following resolution was adopted:

Resolved, that the acts of the council during the past year be and hereby are ratified and confirmed.

The following resolution was moved and seconded:

Resolved, that the committee on professional ethics and the council of the institute sitting as a trial board be and hereby are instructed neither to present, entertain nor hear any complaint against a member of the institute alleging a violation of any of its rules or bylaws when such complaint is made by an employee or former employee of such member, and is predicated on knowledge derived in consequence or because of such employment.

It was moved as an amendment that consideration of the matter be postponed until the following day.

The amendment was put to vote and lost.

The original motion was put to vote and lost.

Tuesday, September 21, 1920—Second Session

The meeting was called to order at 2 P. M.

A paper entitled *Supervising the Work of the Accounting Staff*, by John R. Wildman, was read and followed by discussion.

Edward E. Gore, appointed as a committee of one by the president to prepare resolutions relative to the deaths of members and associates of the institute which had occurred during the past year, presented the following report:

To the president and members of the American Institute of Accountants.

GENTLEMEN:

Your committee appointed to give expression to the feeling of the institute occasioned by the death of certain of its members occurring within the year now closing, respectfully submits the following resolution to be communicated to the family of each member deceased within the year:

"Resolved, that the members of the American Institute of Accountants learn of the death of their fellow member with profound sorrow and extend to his family their sincere sympathy, asking as his friends the privilege of sharing the grief which those nearer to him are called upon to endure."

The committee submits that form of resolution to apply to each of the deceased members named in the report of the secretary. With respect to two of the members who have died, who were men of outstanding accomplishments and of great prominence in the institute, the committee makes a special report and recommends the adoption of the following resolutions:

The American Institute of Accountants in annual meeting assembled, being apprised of the death of Seymour Walton, one of its first members and for many years a leader in accountancy education, desires to record its appreciation of him as a gentleman of culture, as a practising accountant of high standing and as an educator of the first class.

It further desires to record the grief of its members that their friend and colleague has been taken from them, and that the gentleness of his manner

American Institute of Accountants

and the charm of his presence and his conversation have become naught but a memory.

And it further desires to record its feeling of obligation to him for the great work he has performed in its behalf, in behalf of the literature of his profession and in behalf of those who are to be the standard bearers of the accountancy of the future.

* * * *

The American Institute of Accountants learns of the tragic and untimely death of Charles Neville, one of its honored members, with the deepest grief and the most sincere regret.

It recalls the splendid service he has rendered as a member of its council.

It is mindful of his fidelity to the interests of his clients and to the best traditions of his profession as a practising public accountant.

It remembers the great service he so loyally and unselfishly rendered to his country in the darkening hours of war and in the brighter days thereafter.

And with these memories before it the American Institute of Accountants realizes and states its appreciation of Charles Neville as an accountant, as a counselor and as a patriot, and, while expressing to his bereaved family its sympathy in this sad hour, it claims a solemn pride in him and in what he has accomplished.

The report of the committee was unanimously adopted.

It was resolved that the resolutions adopted with respect to Seymour Walton and Charles Neville be suitably engrossed and furnished to the respective families of the deceased members.

A paper entitled *The Growth and Effect of Branch Offices*, by Frederick A. Ross, was read.

Wednesday, September 22, 1920—First Session

The meeting was called to order at 10 A. M.

The following officers and members of the council were unanimously elected:

President: Carl H. Nau.

Vice-presidents: T. Edward Ross, W. P. Hilton.

Treasurer: J. E. Sterrett.

Council for five years:

John F. Forbes.

J. Porter Joplin.

Waldron H. Rand.

F. A. Ross.

Frederic A. Tilton.

Elijah W. Sells.

William Jeffers Wilson.

Council for four years:

Ernest Crowther.

Council for two years:

Clifford E. Iszard.

The Journal of Accountancy

Council for one year:

John R. Ruckstell.
Joseph P. Hutchinson.

Upon his election as president of the institute, Carl H. Nau assumed the chair.

The chairman called upon George Edwards, of Toronto, representing the Dominion Association of Chartered Accountants, to address the meeting.

Mr. Edwards expressed his appreciation of the welcome accorded to him and the hope that accountants of Canada and the United States would be brought nearer together.

A letter was read from Charles R. Trobridge, who had attended a meeting at the treasury department for consideration of forms for federal tax returns, asking that members having suggestions to make relative to forms should communicate with the institute without delay.

The chairman announced that accountants representing certain groups of states would hold meetings immediately following the session then in progress to discuss arrangements for holding regional meetings as outlined in the report of the executive committee.

Walter Mucklow, of Florida, moved the appointment of a committee on terminology to carry on the work of similar committees of past years.

The motion was seconded and adopted.

The chairman called upon W. Sanders Davies, chairman of the committee on ethical publicity, to discuss the subject of advertising.

Mr. Davies' remarks were followed by general discussion.

It was moved and seconded that the discussion be printed in the form of a confidential circular and distributed to the members.

The motion was lost.

The names of Horace P. Griffith and Edward P. Moxey, both of Pennsylvania, were placed in nomination for auditors for the current fiscal year.

The members nominated were unanimously elected.

It was moved and seconded that the programme of the annual meeting of 1921 should provide a definite place for further discussion of the subject of advertising and publicity in general.

The motion was adopted.

Upon motion, duly seconded, it was unanimously resolved that the meeting extend a vote of thanks to the board of examiners for the great services performed by that board.

A rising vote of thanks was accorded to Will-A. Clader and A. M. Pullen, of the committee on meetings.

A rising vote of thanks was given to Waldron H. Rand, retiring president, for his faithful services.

Wednesday, September 22, 1920—Second Session

A paper by William B. Gower, entitled *Advisory Accountancy*, was read.

A rising vote of thanks was given to Mr. Wildman, Mr. Ross and Mr. Gower for the papers which they had presented.

The meeting adjourned sine die.

American Institute of Accountants

COUNCIL

Regular Meeting, Monday, September 20, 1920

The regular meeting of the council of the American Institute of Accountants was called to order at 10 A. M., Monday, September 20, 1920, at the New Willard Hotel, Washington, District of Columbia.

The following were present:

Waldron H. Rand, president, in the chair.
Arthur W. Teele, vice-president.
J. E. Sterrett, treasurer.
A. P. Richardson, secretary.

Harvey S. Chase	W. R. Mackenzie
Hamilton S. Corwin	J. Edward Masters
J. D. M. Crockett	James S. Matteson
W. Sanders Davies	Overton S. Meldrum
John F. Forbes	Walter Mucklow
J. S. M. Goodloe	John B. Niven
Edward E. Gore	Adam A. Ross
Elmer L. Hatter	W. Ernest Seatree
William P. Hilton	E. G. Shorrock
J. Porter Joplin	W. A. Smith
F. W. Lafrentz	Edward L. Suffern
Page Lawrence	C. M. Williams

The meeting was opened with prayer.

The minutes of the preceding meeting as printed and distributed were approved.

The secretary announced that the minutes of the executive committee were on the table and would remain for the inspection of any member of the council during the course of the meeting.

Records of mail ballots Nos. 10 and 11 were read and approved.

The meeting adjourned to convene as a trial board.

The following were present:

Harvey S. Chase	Overton S. Meldrum
Hamilton S. Corwin	Walter Mucklow
J. D. M. Crockett	Carl H. Nau
W. Sanders Davies	John B. Niven
John F. Forbes	Waldron H. Rand
J. S. M. Goodloe	Ernest Reckitt
Edward E. Gore	Adam A. Ross
Elmer L. Hatter	W. Ernest Seatree
William P. Hilton	E. G. Shorrock
J. Porter Joplin	W. A. Smith
F. W. Lafrentz	J. E. Sterrett
Page Lawrence	Edward L. Suffern
W. R. Mackenzie	Arthur W. Teele
J. Edward Masters	F. F. White
James S. Matteson	C. M. Williams

The Journal of Accountancy

F. F. White, representing the committee on professional ethics, appeared in support of charges preferred by a member of the institute against another member, to the effect that such member had infringed the rules of the institute, in that in violation of the second rule of the rules of professional conduct of the institute he did prepare a certain balance-sheet which contained an essential mis-statement of fact or omission therefrom of such a fact as would amount to an essential mis-statement, and did so prepare such balance-sheet either wilfully or with such gross negligence as to be inexcusable.

This complaint had been considered by the committee on professional ethics, which found prima facie evidence of a breach of rule 2, and had so reported to the executive committee, which in turn had prepared formal charges against the member accused.

Complainant and respondent presented their evidence in person.

After consideration of the evidence the following resolution was adopted:

Resolved, that the accused member be found guilty of violation of rule 2 of the rules of professional conduct, and that the council in admonishing such member does not wish to add any punishment in view of the fact that he has unconditionally stated to the council that he was in error in having concealed certain facts, and that he did not propose to do anything of a like nature in the future.

It was further resolved that the institute looks with disfavor on the concealment of any material facts in the preparation of a balance-sheet, operating statement or other statement or in any publication thereof.

It was resolved that the findings of the trial board be published without the names of the parties concerned.

The trial board adjourned.

The council convened.

The statements of accounts prepared by the treasurer were submitted and accepted.

A summary of the report of the board of examiners was read. The report was accepted and ordered printed in the year-book.

A supplementary report of the board of examiners recommending the election of certain applicants as members or associates was unanimously adopted, and the applicants were declared elected.

The report of the committee on professional ethics was read and accepted. It was resolved that the recommendations contained in the report be considered separately.

It was resolved that the recommendation of the committee that rule 11 be amended by the omission of the last sentence be referred to the institute for action.

The recommendation of the committee that rule 2 be amended by inserting after the words "essential mis-statement" in the fourth line a further clause, "or a failure to put prospective investors on notice in respect of an essential or material fact not specifically shown in the balance-sheet itself," was unanimously adopted.

American Institute of Accountants

As amended the rule reads:

(2) The preparation and certification of exhibits, statements, schedules or other forms of accountancy work, containing an essential mis-statement of fact or omission therefrom of such a fact as would amount to an essential mis-statement or a failure to put prospective investors on notice in respect of an essential or material fact not specifically shown in the balance-sheet itself, shall be, ipso facto, cause for expulsion or for such other discipline as the council may impose upon proper presentation of proof that such mis-statement was either willful or was the result of such gross negligence as to be inexcusable.

The report of the executive committee was read.

It was moved and seconded that the report be received and the recommendations be adopted, except those recommendations which should be referred to the meeting of the institute.

The motion was carried.

It was moved that all acts of the executive committee during the year be approved and ratified.

The motion was seconded and adopted.

The recommendation of the committee that the report of the sub-committee on building should be referred to the institute was unanimously adopted.

The recommendation of the committee that the council approve the proposed increase of dues of members, and that such increase be made retroactive to September 1st was unanimously adopted.

The recommendation of the committee that the letters C. P. A. and every other designation be omitted from the certificates of membership or any other publication of the institute, such as year-book, etc., was unanimously adopted.

The recommendation of the committee that the executive committee be authorized to pay the dues of members in financial difficulties was unanimously adopted.

The recommendation that a new committee be appointed to consider the question of chapter formation and that no further action be taken at this time was unanimously adopted.

The report of the committee on budget and finance was read.

It was resolved that an additional appropriation of \$1,000 for the purchase of printing appliances for the offices of the institute be added to the budget.

The budget as amended was adopted.

On motion it was resolved that reading of the report of the committee on constitution and by-laws be omitted, in view of the fact that the report had been printed and distributed to all members of the institute.

It was resolved that the report be referred for action to the institute.

The chairman of the committee on ethical publicity stated that his committee had no written report to make and expressed the opinion that until

The Journal of Accountancy

all members agreed not to advertise in any way the labors of his committee would be largely wasted.

The oral report of the chairman was accepted.

It was resolved that a committee be appointed to draft resolutions relative to the deaths of Seymour Walton and Charles Neville and other members of the institute who had died during the past year.

A summary of the report of the committee on federal legislation was read. The report was accepted and ordered printed in the year-book.

The report of the committee on publication was read.

It was moved and seconded that the report be accepted and that the recommendations contained in the report be approved.

The motion was unanimously adopted.

The report of the committee on nominations was read and accepted.

The report of the committee on state legislation was read and accepted.

The report of the special committee on procedure was presented and was approved for publication in the year-book.

The report of the special committee on administration of endowment was read and accepted.

The report of the committee on increased membership was read and accepted.

Under the heading of new business a letter was read from a member of the institute complaining against a circular issued by a firm consisting of members of the institute.

It was moved that the matter be referred to the committee on ethical publicity.

An amendment was offered to the effect that in addition to referring the matter to the committee on ethical publicity the council should go on record as disapproving the issuance of such circulars by any members of the institute.

The amendment was adopted.

The original motion as amended was adopted.

The meeting adjourned.

COUNCIL

Regular Meeting, Thursday, September 23, 1920

The regular meeting of the council of the American Institute of Accountants was called to order at 10 A. M., Thursday, September 23, 1920, at the New Willard Hotel, Washington, District of Columbia.

The following were present:

Carl H. Nau, president, in the chair.

W. P. Hilton, vice-president.

T. Edward Ross, vice-president.

J. E. Sterrett, treasurer.

A. P. Richardson, secretary.

American Institute of Accountants

Harvey S. Chase
Hamilton S. Corwin
J. D. M. Crockett
Ernest Crowther
W. Sanders Davies
John F. Forbes
J. S. M. Goodloe
Edward E. Gore
Elmer L. Hatter
J. E. Hutchinson
Clifford E. Iszard
J. Porter Joplin

Page Lawrence
W. R. Mackenzie
Overton S. Meldrum
Waldron H. Rand
Ernest Reckitt
F. A. Ross
John R. Ruckstell
W. Ernest Seatree
W. A. Smith
Edward L. Suffern
C. M. Williams
William Jeffers Wilson

Carl H. Nau was unanimously elected chairman of the council.

A. P. Richardson was unanimously elected secretary of the institute for the current fiscal year.

A. P. Richardson was elected secretary of the council and secretary of all committees, standing and special, for the current fiscal year.

The following nominations for members of the executive committee were made:

Hamilton S. Corwin
W. Sanders Davies
John B. Niven

T. Edward Ross
E. W. Sells

It was moved and seconded that these members be elected members of the executive committee.

The motion was unanimously adopted.

It was moved that the following be elected members of the committee on professional ethics for the current fiscal year:

F. F. White
J. D. M. Crockett
John F. Forbes

J. Porter Joplin
J. E. Masters

The motion was unanimously adopted.

John F. Forbes, Charles E. Mather and Waldron H. Rand were nominated as members of the board of examiners for the term of three years to fill the vacancies caused by the expiration of the terms of Waldron H. Rand, Charles S. Ludlam and H. Ivor Thomas.

The members named were unanimously elected.

It was resolved that the secretary's salary be paid as provided in the budget.

J. S. M. Goodloe asked permission to supplement the report presented by the former committee on state legislation, to the effect that in view of the representations made by the secretary and treasurer of the Oklahoma state board of accountancy, the committee recommend that the council record its approval of the Oklahoma C. P. A. law as at present administered.

The motion was seconded.

The Journal of Accountancy

The following substitute motion was made:

Resolved, that the negotiations sought to be undertaken by the Oklahoma board of accountancy be referred first to the board of examiners of the institute for approval, and the board of examiners be instructed to report immediately to the executive committee, to which is given power to act on behalf of the council in recognition of the present administration of the Oklahoma law as satisfactory to the institute.

The substitute motion was adopted.

It was moved, in view of the statement of the executive committee that donations to the endowment fund had been disallowed as donations in computing taxable net income, and in view of a further statement from the commissioner of internal revenue in a letter to the secretary that he held such donations to the endowment fund of the institute as not deductible, that the matter be referred to the executive committee with full power to act, whether that action be in the nature of causing a new corporation to be formed to carry on the work of the endowment fund or such other steps as may seem advisable.

The motion was adopted.

It was resolved that a committee be appointed by the president to consider the matter of propaganda in regard to the value of accounting services, and that such committee be requested to collect as far as practicable advertising matter issued by accounting firms and individual accountants, and to have such matter reproduced and copies sent to all members of the institute, so that at the time of the next annual meeting members could come with a definite notion of the question of advertising which would be under discussion at that time.

The motion was adopted.

The chair appointed Arthur W. Teele, John F. Forbes, J. E. Sterrett and W. Sanders Davies members of the committee.

It was resolved that the sum of \$500.00 should be appropriated for the use of the committee.

It was resolved that the name of the committee should be the special committee on professional advancement.

The meeting adjourned sine die.