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The C. P. A. Bulletin

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No. 6

The National Association of Certified Public Accountants
WM. DE LAROCHE ANDERSON, Consulting Accountant, Acting Editor

April 1, 1922

National Association Before Judiciary Committee Charges Failure of American Institute in Professional Leadership. Recommends Official National Coordination of Inter-state Practice.

CHARLES FREDERICK BELSER

Charles Frederick Belser, our National Secretary, died at Washington, March 26, 1922. Mr. Belser was one of the four incorporators of National Association of Certified Public Accountants.

After having shared in the conception of true service to be rendered within the Nation by our organization and after having planned and fought to bring into being and to carry it safely through a perilous infancy to its place in the sun, he was denied the privilege of remaining to enter, with it, into the Promised Land.

He left us, though, serene and happy, assured, mayhap by the great Intelligence close to him, that our cause, so near his heart, was won.

An abounding faith, in the triumph of right and truth gave to him his vision before he was called away.

Mr. Belser was born at Madison, Indiana and was graduated from the high school at that place. He was a graduate also of Bryant and Stratton Commercial college, of Goodman and Eastman Commercial College and of Paul Esquerre's post graduate course. He successfully passed an examination for certification by the North Carolina State Board of Accountancy.

Mr. Belser served in important professional capacities with Phoenix Cotton Mills, Nashville, Tenn., and L. M. Sullivan Trust Co., New York, as well as in his professional public practice in the State of California. When the U. S. Government sent out a call to service to expert accountants in connection with the needs of the administration of the Income Tax laws, Mr. Belser, at no inconsiderable personal sacrifice, was one of those to respond to the call and to serve faithfully and well in important capacities.

Mr. Belser married Laura Stephens, of the prominent California family of that name, who survives him.

In his private life, he was active in Masonry and was placed in positions of honor and trust by his friends and associates, generally. He was fearless, conscientious, unselfish. Trusted and trustworthy; kindly, always, he was beloved. "Palman qui meruit ferat"—the motto of our Association—to him, it is only left to us to extend the palm of a revered memory, so well deserved.

The Judiciary Committee of the House of Representatives held a hearing on H. R. 9446, a Bill to grant a Federal Charter to the American Institute of Accountants on March 21st. The American Institute forces appeared in favor to urge a favorable report on the measure, and the National Association of Certified Public Accountants appeared in opposition. Superficially, the need for such a measure was shown by the Institute to be that the Institute might have wider scope in its general operations, such as holding real estate, receiving revenues therefrom, publishing, and so forth. What actually seemed to be the impelling motive, brought out by the questioning of the members of the Committee, was that under a Federal Charter, according to Mr. Covington, Counsel for the Institute, the Institute would not be subject to collateral attack in the Courts, and action against it could only be initiated directly by the Federal Government, thus placing it out of reach of individuals or other associations of the profession. It was also stated that the influence which it would have in the various States would be greatly enhanced under Federal Charter.

There was nothing in the whole hearing which indicated in any way that the Committee would favorably act upon this measure. The Committee took the stand that no legislation of this character should be approved which did not come strictly within the

scope of the commerce section of the Constitution, unless some official, national medium of control of corporations so provided for, should be embodied in legislation.

The National Association opposed a favorable report on this Bill on the grounds that no other professional association of the principal active professions had been granted national charter; that the American Institute was only one of a number of associations of the profession, having more or less national scope; that the American Institute had failed to be representative of the profession; that in the many years of its existence, through its activities, it had only produced about four thousand qualified professionals; that it had usurped the official functions of the State Boards of Accountancy within the various States; that it had by form and method of examination prevented the qualification of thousands of professionals whose qualifications were recognized in successful practice, by the public; that its attitude toward professional policy and procedure was modeled upon an 1896 model in 1922; and generally in a profession which had grown eight times as fast as the other recognized professions during the period 1910 to 1920, it had entirely failed to keep up with the profession.

The case of the National Association was presented by Mr. William de La Roche Anderson, accounting counsel for the National Association in detail as follows:

PROPAGANDA EXPOSED

At the hearing of the Judiciary Committee on Tuesday, the propaganda against the National Association of Certified Public Accountants, which has been broad-casted all over the country, was completely exposed. The American Institute, unfortunately for them, were foolish enough to charge the National Association before the Committee with being a commercial organiza-

tion, for individual profit, and merely for the revenue to be derived from the sale of the certificates of the Association.

It was clearly shown that the charter of the National Association provided for purposes only as high if not higher, for the welfare and advancement of the profession as those of the American Institute. The cry of the Institute that because the National Association in eight months had secured a fully qualified membership of twenty-eight hundred members, while it had taken the American Institute and its predecessor corporation about thirty years to accumulate fifteen hundred members, entirely died down when it developed that the twenty-eight hundred members had been selected from original and tentative applications for membership to the extent of some fifteen thousand; that had the activity of the National Association been a commercial one, nearly all of the fifteen thousand "prospects" would have been certified, instead of only about twenty per cent of that number.

Occasion was taken then, by the counsel for the American Institute to fire a last and annihilating bombshell.

The statement was made that the crime of the National Association had been to accept an applicant as certified member of the Association under an assumed name after he had merely stated that he had read certain prehistoric reference and text-books, and that this action was typical of the mode of doing business by the National Association.

The statement was immediately branded as false and true copies of the records in the files of the National Association pertaining to the case were submitted, showing the applicant who was stated to have read certain prehistoric literature and to have been certified thereon, to actually be and to have been, and to have applied as, a Certified Public Accountant of one of our greatest States, who had merely

been sufficiently crafty and clever with the aid of three accomplices, to present his qualifications as a Certified Public Accountant, having passed regular state examinations, as the Secretary of the State Board in such a way as to conceal the fact that he applied under an assumed name.

Statement By Mr. Anderson

Mr. Chairman: The National Association of Certified Public Accountants has requested me as Accounting Counsel for the Association, to make a statement showing that this Bill, H. R. 9446, should not be favorably reported to the House of Representatives by your Committee, for the following reasons:

1. The best interests of the public and of the profession will not be served by granting to any single private professional organization the prestige incident to federal incorporation.
2. All private professional organizations should be allowed to remain on the same footing to work out their own salvation and reason for existence on the basis of their work for and their value to the public and to their profession.
3. None of the principal professions have received the recognition of federal incorporation of their professional associations.
4. American custom, law and procedure require direct official service under granted public authority, which cannot be delegated nor performed by private authority, in fact or in effect.
5. It would be opposed to American custom to ratify indirectly by preferential legislation the private control of public activities.
6. This private organization now seeking federal incorporation is arrogating to itself the public official function, definitely granted and allocated by the statutes of the various States to official bodies within those States, of the qualification and of the disqualification for the credential or title Certified

Public Accountant, abbreviated C. P. A. This is accomplished by the refusal by this organization to admit into this association public accountants who have been certified by the States upon other standards, methods and control than those private standards, methods and control of this private corporation, with such private standard set at such a point and in such a manner as to keep certification at a minimum, thereby forcing the public to pay the high price incident to the existing inadequacy of the endorsement and denomination of acceptable qualifications and thereby causing the professional, qualified but unrecognized, to suffer for the benefit of the hierarchy, until lately in almost entire control of the profession, as is more clearly observable in the graphic illustration and in the resolution by the State Board of Accountancy of the State of California which is presented now for the record.

Inserted in the record the graphic illustration which appeared in March Bulletin.

PRIVATE CORPORATION C. P. A. TRUST CERTIFICATE

And also inserted a RECIPROcity RESOLUTION ADOPTED SEPTEMBER 14, 1921, by the State Board of Accountancy of California showing that a California Certificate would be given without any requirement to State C. P. A.'s of 34 States because 34 State Boards had accepted the Institute's examination and had delegated the grading state of papers to the Institute's examiners.

7. The American Institute of Accountants now seeking federal charter has failed in its principal purpose under its present charter, as expressed by one of its most influential members, in a letter to the Editor of the official organ of this institution, in part, as follows:

It is unfortunate that our Institute, with so much to its credit and so much to be proud of, should be deficient in its one great responsibility as ex-

pressed in the first section of the first article of the constitution, "Its object shall be to unite the accountancy profession of the United States." It will have to be admitted that there are more practicing public accountants in the United States outside of the Institute than are united with it. Still another large contingent of reputable, desirable men seeking recognition in the profession is kept out from time to time, while the Institute, through the Journal of Accountancy, complacently justifies its position, which to me seems untenable, toward the large contingent of practitioners who should be united with the Institute, as well as many who are worthy and seeking admission to the profession.

Yours sincerely,

E. W. SELLS.

New York, Feb. 6, 1922.

8. The American Institute of Accountants has failed generally and significantly to keep pace with the growth of the profession of Accountancy.

The 1920 Census Bureau report shows total professionals of all kinds 2,143,889, the 1910 report shows 1,693,369. In 1920, as the result of the leadership of the American Institute, this organization could only furnish for the service of the business public about 3,000 professionals of the grade of Certified Public Accountant and a total of its own membership of 1,500, while in 1910, ten years previous, there were, according to Census figures, in round numbers, 151,000 doctors, 114,000 lawyers, 39,000 dentists, 16,000 architects, 58,000 engineers, 118,000 clergymen, 15,000 professors, and all of which professions showing an average increase as of 1920 of over 25 per cent of these quoted figures, and, after the profession of Accountancy, between 1910 and 1920 had had a growth of fully eight times the above quoted average growth, and when there were at that time and are now, publicly practicing, successful public accountants, accepted by business, banks and credit agencies

and by the public generally, on the most conservative estimate, 25,000 professionals who are capable of being qualified on any reasonable basis and method as having high capability and professional merit.

9. This private organization has not refused to receive delegated official authority and control, but has encouraged and fostered such delegation and has generally, intentionally or unintentionally, placed itself above and beyond the prescriptions and provisions of existing law.

10. This organization has reversed accepted requirements for membership in typical national organizations by refusing those as qualified by the various States as its members and by forcing upon the various States its own private standards as a pre-requisite to membership and as differentiating it from such other professional organizations, as, for example, The American Bar Association which accepts all those whom the States qualify without professional question or further qualification requirement.

11. If this Committee deems advisable legislation of a national character in connection with the regulation or control of the profession of Accountancy, the National Association of Certified Public Accountants respectfully suggests and recommends that this legislation should be with the view of not recognizing any particular private organization, but with the view of placing the profession of Accountancy generally upon a status similar to that of attorneys or physicians, namely, a recognized standard for the conferring of a license to practice and not for the purpose of attempting to confer a title of professional superiority or professional decoration or medal of honor.

N. A. VALUE NOTICE

In that the National Association is standing out in front upon professional principles which are bound to be approved by the business, finance and

credit organizations of the country, it is most important that the members of the Association should not state their certification in a manner that might indicate that their certification emanated from a source other than the Association which is openly standing upon these principles.

The designation, Certified Public Accountant, abbreviated, C. P. A., is a common and variable value in 48 States and in the District of Columbia, showing merely that the Accountant has received a qualification credential from some source.

Between those who have been certified the value attached to the general designation does not lie in the designation itself, but in the presentment which indicates the source of the credential.

C. P. A. has 49 meanings and values. To indicate the source of certification is to establish a definite determinable value to certification. "N. Y." gives C. P. A. a New York State value. "Tex." gives C. P. A. a Texas value, modified by A. I. A. "N. A." gives a professional, non-political, practical, qualification valuation, on the basis of the principles and continuing requirements of the National Association.

It is important to the National Association and to its members that the value of the Association's certification be not confused, in the manner of presentment, with other C. P. A. values.

The value of the National Association's certification should be secured to the members of the Association, just the same as the value of a State certification should be secured to those who hold it, and it should not be clouded or confused in any way with other sources of certification, upon the expectation that it is to be the most valuable certification of all.

It is therefore requested that you do your part, in the manner in which you set forth your designation, to maintain the N. A. value, in no uncertain way, to your general designation C. P. A.

MASSACHUSETTS TEMPORARY ORGANIZATION

Temporary organization of the State Chapter of the National Association of Certified Public Accountants was effected at Boston, March 31st. Mr. J. P. Brawner of No. 262 Washington street, Boston, was made temporary President, and Samuel N. Fishman, No.

322 Bay State Building, Lawrence, temporary Secretary.

A general discussion of the National Association's aims, principles and growth was had, also a general discussion of two Bills now before the Massachusetts legislature. The meeting was adjourned to meet on April 6th, at Young's Hotel, Boston, Mass. The temporary officers desire a full attendance of Massachusetts members.

THE "WHY" OF EXAMINATION RESULTS

The answer to the following letter is that the Institute system keeps official qualification at the desired minimum. Under it, to date, there are only about 4,000 professionally qualified professionals in the whole country, while there are, most conservatively estimated, 25,000 public accountants practicing successfully who are accepted by the public as up to standard.

LETTER

Mr. E. W. Sells,
New York City,
New York.

Dear Sir:

I have read the editorial in the February issue of the Journal of Accountancy entitled "Causes of Examination Failure." Having myself failed in one subject I have thereby become one of the large majority of those who have been unsuccessful. As such I failed to appreciate a laudation of those examinations with which so few have been able to cope successfully. Neither was I able to relish the fashion in which the matter was finally disposed of, as follows: "We are glad to be able to present these expressions of opinion from the examiners and trust that they will be given due consideration by future applicants."

Heartily I appreciate your candid and able reply to that editorial. It is encouraging to know that there are those in the Institute who realize and admit that there may be another side than the Institute's to the question, and that additional light might be thrown upon

the subject by some of the responsible practitioners who have failed.

For my part, I concur fully in the opinion of the examiners that the principal causes of failure are nervousness, failure to read properly and, consequently, to grasp the real purport of the questions, together with inadequate preparation. An investigation should not end with these findings, however, unless it has been demonstrated beyond a reasonable doubt that sufficient time has been allowed the applicants for the reading and answering of the questions, and that the questions have been stated lucidly and fairly, and that they have not tended so largely toward the unusual and the impractical as to render it impossible for the applicants to prepare properly. Moreover, it might not be amiss to ponder the question as to whether it was the intent of those who enacted the C. P. A. laws of the various States to establish standards equal to those of the average or those of the unusually experienced and brilliant waiver clause Certified Public Accountants. I cannot conceive that they had in mind a test of skill which in a recent examination over 86 per cent of the applicants failed to meet.

If, as the editorial states, "it is quite generally admitted by Institutes of learning that no examination test is absolutely fair," how much more incumbent it therefore is upon the examiners to spare no efforts to make the examinations as fair as possible in every respect. Under no circumstances ought they to impose upon candidates any inconveniences or hardships which they are not likely to meet in actual practice.

It is a very general opinion that candidates for examination in the subjects of Accounting Theory and Practice, who are allowed only ten hours to turn out a volume of highly technical work which if reliably performed in practice would consume more than double that time, have more reason for complaint than the generally acknowledged one that no examination test is absolutely fair. Inasmuch as those who do not know could not pass anyway if given unlimited time, one cannot, therefore, presage the slightest danger in allowing even a superabundance of time. An ample time allowance would, at the very least, remove a very general criticism. It was gratifying to learn that more time was virtually allowed at the

last examination; unfortunately, it was not noticed until it was too late to be of real value. Had it been generally known beforehand, many would have read the questions less hurriedly and the failures emanating from that source might have been fewer.

When preparing income tax returns even Certified Public Accountants are obliged to use the regular printed forms furnished by the Government which contain a not small amount of information. Nevertheless, candidates are subjected to the unreasonable task of preparing complicated returns without even the aid of these forms. I rather surmise that relatively few Institute members are in the habit of preparing such returns without an occasional reference not only to the information embodied in the tax return forms but to the printed Treasury Regulations also.

Making the examinations more onerous, pen and ink are required to be employed instead of the lead pencil which is so commonly and advantageously used in practice. No one will deny that the use of lead pencils is more satisfactory.

To the best of my knowledge the Institute has not specialized in obscure questions; still, it must be admitted that some of them have not been as distinctively perspicuous as examination questions ought to be. Also, the examinations have not been confined to problems which the candidates are going to have to solve in practice. It is unjust to debar applicants from practicing as Certified Public Accountants on the grounds that they did not prepare a Statement of Realization and Liquidation satisfactorily. I am unwilling to concede that there are no other ways of testing the analytic and synthetic powers of the candidates than by the use of that impractical and seldom used statement. Even recognized authorities cannot agree as to whether certain of its components are charges or credits.

Furthermore, questions which involve a knowledge of certain stipulated kinds of business are not fair tests of accounting skill. It is absurd to expect the most seasoned accountant to be versed in the details of any and all businesses about which he can be interrogated. I distinctly recall that a number of years ago the late Seymour Walton stated to me that he regarded such questions as being very unfair. I

know of no surer way of causing examination failures than by resorting to questions of that nature. Last November's auditing examination was faulty in this respect. In order to pass it the candidates had to know something about the details of municipalities, shipping companies, taxicab companies, banks and even churches.

The law examinations enter into matters about which an accountant is not likely to be consulted by his clients and which he will not otherwise have to solve in practice. However, all of the law questions which have been propounded in Institute examinations recently have been very clearly stated, and there can be no complaint regarding the time allowed in that subject.

A contributing cause of failure could be the method employed in grading the candidate's papers. Were ample time allowed in all subjects, and were the questions always straightforward and dependably clear, it would, of course, be easy to trace certain of the failures which might occur to that cause. But, as matters now stand, this is a question which each applicant can only decide for himself. I have wondered if the method of grading is such that in order to make a grading of 75 per cent, an applicant may have, for example, to get 85 per cent of his work correct. Such a method, if used, would, it seems to me, be subversive of the State regulations. There are some who believe that such a method has always been employed.

When the Institute became Official Examiner for the various State Boards it was my opinion that a long step had been taken in the right direction. The outcome of recent examinations has not strengthened that opinion. Uniform examinations are, I hope, with us to stay. The American Institute is to be thanked for that accomplishment. Yet of what value are uniform examinations if they are to be of such a nature and conducted under such restrictive conditions that it is well nigh miraculous for a man to pass them?

By no means would I advocate low standards. I merely stand for examinations which are a reasonably fair and practical test of a candidate's ability and fitness, and I feel certain that such is the general desire of the members of the Institute.

Yours very truly,

FRED ELLIOTT.

HARDLY "GET-RICH-QUICK"

In the American Institute's endeavors before the Judiciary Committee to establish the fact that the National Association is merely a commercial organization, the question of salaries of its officers was brought up. It is interesting to note that the total salaries to all the officers of the Association as computed to the end of the fiscal year in June, will not amount to as much as is paid to one officer, the Secretary, of the American Institute, whose organization only comprises a membership of 1,500 and is established, as against a membership of 2,800 in the National Association whose organization during this period has had to be built up by official service, by night and by day. The combined official salary item for the National will be \$9,850.00, as against \$10,000.00, the salary of the Secretary of The American Institute, as shown by the 1921 year book. It is further interesting to note that the salary of the President of the National Association is about \$3,000.00 per annum below his average income as shown by his Income Tax return for the three years preceding his executive work with the National Association.

PUBLIC RESPONSIBILITY PRINCIPLE

The District Guarantee Corporation, Washington, D. C., has recently appointed D. O'Haire, Consulting Accountant, as Corporation Auditor with independent responsibility and with no authority over him in the accounting matters of the concern. This is along the lines of English procedure where corporation auditors are elected and are in complete authority and charged with entire responsibility. The principle back of this form of procedure is the acknowledgment of public responsibility attached to the professional who possesses special technical knowledge and who reports upon financial conditions upon which credit is based. There is no doubt but that the Corporation Auditor will more and more be placed in this position in this country. This is one of the good English customs which it would be well to foster actively.

JOTTINGS FROM INSTITUTE YEAR BOOK

The following is taken from the 1921 year book of the American Institute, and is typical of many interesting items contained in that volume:

In connection with the discussion of the form of federal charter to be presented and the certificate to be issued thereunder, it appears that a motion was made to amend the section which provided that the degree should be Chartered Accountant, to Certified Public Accountant, which motion was lost.

Apparently the Institute wishes to be entirely consistent in following English rather than approved American customs.

The record of examinations for 1920-21 shows as follows: 246 passed against 1,168 who did not pass, or about 17 per cent.

In the report of the Board of Examiners of the American Institute appears the following:

"There has been criticism because of delay in notifying State Boards of the results of examinations."

"There have also been some criticisms in regard to the methods pursued by the Board, particularly in the requirement that examination papers shall be forwarded to the Board of Examiners of the Institute before being graded by the State Boards."

At a meeting of the Board of Examiners together with members of various members of Boards of Accountancy of the States, the following appears:

"It was suggested that State Boards should grade the papers before sending them to the Institute for grading."

The Chairman of the Institute Board showed the State Board members that this could not be done.

NEW YORK CHAPTER HOLDS MONSTER MEETING

Probably the largest meeting of Accountants of one State was held in New York City on Thursday evening, March 30th, at Cooper Union.

Although the evening was unpropitious in that a heavy sleet storm was raging, there assembled in the neighborhood of 800 members of the New York State Protective Committee, of the National Association. The meeting was in charge of Mr. Frank Broaker, Chairman of the State Committee, and the speakers were J. R. Hutchison, President; Charles R. Carpenter, Treasurer, and W. De LaR. Anderson, all of the National Association, and Frank Summers of New York. Mr. Broaker, after outlining the work of the New York Committee and the progress so far made, introduced Mr. Hutchison. Mr. Hutchison, in his remarks, gave a history of the passage of the C. P. A. law in the State of Wyoming, and of his efforts at examination under the Iowa State law. In Wyoming Mr. Hutchison said, "I decided that it would be wise to have a C. P. A. law. I therefore secured copies of the various laws already passed by other States and formulated a Bill which I presented to the legislature and which Bill was eventually passed and signed by the Governor. Then my troubles began. The first thing I knew I was called up by the Governor of the State who said, 'Hutchison, this Bill of yours provides for three persons on the Board of Examiners, who shall be Accountants, and you are the only man in the State I know that is one. What am I going to do?' I answered that I would use my best efforts to dig up two good men, and finally succeeded in getting them. We then advertised for those who might wish to be certified, and nobody replied. We were out the

cost of our advertising and something had to be done. Finally by an intensive canvass of the State we succeeded in getting about nine under the waiver clause, and about 27 under examination, but it was hard sledding, as nobody knew what good it was to be, and seemed to care less.

In Iowa I had great difficulty in securing my certificate. Several of us applied for admission before the Board of three members, they being the only Certified Public Accountants in the State, we all were rejected. As the Board made no secret of the fact that it had no special desire for new members qualified into the profession, several of us took the matter up with the Governor of the State, who called the members of the Board in to him, and told them that candidates for admission must have a fair, reasonable examination or he would fire the Board. We again applied and all of us passed. Frankly, I cannot say to you whether I passed on my merits or because the Board had cold feet owing to the Governor's little talk. I think this, in a general way, is typical of the C. P. A. history in most of the States, and I am not one of those who like to set myself up as very high professionally, above you men who are out in actual practice earning a substantial living and who have the certification of your clients which is based on actual work well done, and upon your proven value to them."

Mr. Carpenter, in his remarks, urged the support of the individual to the State organization and the importance of team work in an Association such as the National, while Mr. Anderson expressed his pleasure at meeting face to face those who he addresses each month in the C. P. A. Bulletin, and hoped that they would contribute their views so that the Bulletin might be truly representative of the whole Association.

Mr. Summers, in his remarks, told of his trials and tribulations in an effort to

pass the American Institute's examination given through the medium of the New Hampshire examiners. He stated that in New Hampshire under Rule 9 of the local Board, that not only was examination to be given by and rated by The American Institute, but that under this Rule, the ownership of the papers was transferred to The American Institute.

Mr. Broaker announced that there would be monthly meetings for the study and discussion of accounting questions and for the better acquaintanceship and co-operation of the members; that it would be the policy of the New York Association to stand "One for all, and all for one" on the basis of highly proficient service. Some general discussion was held and the meeting adjourned.

CO-ORDINATION

The following is clipped from an article appearing in the "Canadian Chartered Accountant," January issue:

The fundamental difficulty in their professional accountant situation is that the State societies, as such, have never made any serious attempt to get together. The American Association of Certified Public Accountants was not composed of the State societies or the members of these societies ipso facto, it simply included them or such of them as might care to belong, but it included also a large miscellaneous membership, which made a concerted action impossible. As a propounder of professional ethics, good technical procedure and practice, and as a medium of good fellowship, it was admirable, but it failed to solve the national problem. It was probably the realization of this, in part at any rate, that led to the formation of the American Institute to take its place, but this body, no more than its predecessor, is making any progress toward achieving a settle-

ment of the national question. These State boards exist by legislative authority, and the task is to get them to work together, not to override them, or ignore them.

Rather in conformity with, and along the lines suggested by our Canadian brother, appears the following taken from testimony before the Senate Committee which had charge of the District Accountancy Bill:

The Chairman: What are the objects, if it is not a school? (National Association).

Mr. Anderson: The objects of the Association are to try to do legally as we interpret the law, based upon the decision of the Supreme Court of North Carolina, what this co-ordinating National medium you referred to a while ago could do, to co-ordinate and harmonize the activities of the various State Boards, which are now operating under 48 State laws. That is the main purpose of this organization which should be made official through a National Board of Accountancy, legally authorized. At present we have no law on the subject.

VARIABLE VALUES

The fact that an individual has a title of designation, does not protect him under the law if he presents such title or designation in a manner to deceive the public. This is evidenced in the following letter complaining against Certified Public Accountants and members of The American Institute are presenting themselves as such as the result of rigid examination:

"Being a Citizen of the United States, and a resident of the City of Minneapolis, Minnesota, I respectfully call to your attention the fact that a gross violation of the law of the State of Minnesota is being committed by an association known as the 'Minnesota Society of Public Accountants.' The

office of the secretary of this Society is advertised as 1034 McKnight Building, Minneapolis, Minn."

"Chapter 309, S. F. No. 590, of the session laws of the State of Minnesota, 1915, makes it a misdemeanor to advertise false statements, or with intent to deceive and mislead the public, etc., etc.

"I hereby charge that on Page 2, of the Classified Section of the Minneapolis and St. Paul Telephone Directory, on the upper half of the page referred to, the following lines appear:

'Certified Public Accountants or Members of the American Institute of Accountants, knowing that they have passed **rigid examinations in accounting auditing, and business law.**'

"I charge that certain of the men whose names are listed in the body of the advertisement mentioned were not admitted to practice as Certified Public Accountants in this State because of having passed the so-called rigid examinations but were granted the privilege by waiver. That proof hereof may be had upon reference to the public files of the Minnesota State Board of Accountancy. That further, one of the men whose name appears in this advertisement, personally admitted to me in the presence of witnesses that he had been granted his certificate by waiver.

"I demand that action is immediately commenced against this Society, that they be required to publicly retract this advertisement, that they expunge this advertisement from each telephone directory and from any other publication in which they have caused a similar statement to be made; in order that the public may no longer be deceived, or misled."

Very truly yours,

Signed PERCY N. PLENTY.

Letter sent to

Governor of State of Minnesota,
Attorney General of Minnesota,
City Attorney, Minneapolis, Minn.
City Attorney, St. Paul, Minn.,

SUGGESTION FOR FORM LETTER

John Doe, 41 Smith Street, City, State.

From: Member National Association of Certified Public Accountants.

To: Business, Financial and Credit Men.

Subject: Individual Public Responsibility Assumed by Certified National Accountants.

There is no law which makes the public accountant responsible to the public for his work, based upon his proficiency and especial technical knowledge.

Generally there is no penalty in the statutes under which he will suffer for misleading, false or negligent reports unknowingly presented. The banks and financial institutions know this and also know that under this condition reports made by the public accountant cannot be fully relied upon, for the honest accountant is replaced by the man who will report according to the orders of the client when and if he rebels; for this reason, in many instances banking interests are employing their own employees to take the place of the outside accountant.

The National Association of Certified Public Accountants stands for the acknowledgment and acceptance of public responsibility, based upon an ample technical knowledge, by the public accountant who is its member, and under Article 8 of its by-laws can and will revoke certificates of those who in any way violate this public responsibility upon this basis. In order that each member may show that his certificate stands solidly on this principle and in order that the fact may readily be shown, the following form should appear on the back of your accountant's identification card, so that not only membership in the National Association may be shown, but also, as well, may be shown what membership in the National Association means to the financial, business and credit interests of the country, and to the public generally.

ASK TO SEE THIS CARD

<p>INDIVIDUAL PUBLIC RESPONSIBILITY</p> <p>Under the power conferred under Article 8, By-Laws, National Association of Certified Public Accountants, the Board of Governors may, and, under resolution adopted, will revoke the certificate of any member who shall make or cause to be made a false, misleading or grossly negligent report.</p> <p style="text-align: right;">(Signed) J. R. HUTCHISON, President.</p> <p>I herewith subscribe to the above and I agree to surrender my certificate, on conviction of having made a false, misleading or grossly negligent report, to the Board of Governors of the National Association of Certified Public Accountants.</p> <p style="text-align: right;">Signed..... Certified Member.</p>
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This form may be obtained at cost, in any numbers, from the office at Washington with the name space "FROM"—filled in as ordered.