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## C. P. A. Bulletin, No. 8, June 20, 1922

National Association of Certified Public Accountants

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# The C. P. A. Bulletin

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No. 8

The National Association of Certified Public Accountants  
W.M. DE LAROCHE ANDERSON, Acting Editor

June 20, 1922

**Meeting of Members Proves  
National Association Leads All Others.  
Result of First Year Administration Overwhelmingly Endorsed.  
Vote to Increase Fees and Dues.  
Completely Equipped Permanent Headquarters at  
National Capital Project of Newly Elected Governors.  
To Keep Association Free of All Below Required Standard.  
Association Activities to be Coordinated with Educational  
Institutions and Those of Business, Credit and Finance.  
New York, New England and California Win Governors.**

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The first Annual Meeting of the National Association of Certified Public Accountants has been held.

One thousand one hundred and eighty-five high grade public accountants from all parts of the country were present in person or by proxy to voice their opinion of the Association, its purposes and activities in the present and past, and to indicate their views and wishes for the future of the Association.

The meeting, in general interest displayed, in the rivalry for position which entails self sacrificing work and responsibility, in the free and frank expression for improvement of conditions within the profession and within the Association itself, clearly indicated what the general membership stood for, as professionals, as members and as individuals. The meeting showed, beyond the shadow of a doubt, that the Association is composed of fearless high grade men who are out to make Accountancy a profession, and that profession second to none within the country; who are out to maintain the National Association as the greatest association within the profession; and, who are out for improvement of fellow professionals as well as self improvement.

In no instance was there a wavering from a direct purpose displayed; the spirit, initiative and determination displayed at the meeting was a revelation and surprise. It bodes ill for all powers of reaction within the profession and proves conclusively that the National Association is actually as well as numerically, the leading Association of the profession.

### THE MEETING

Mr. Frank Broaker, C. P. A. No. 1 of New York State, who was made Chairman of the meeting, upon his selection, named Lawrence J. Adams of New York, and George E. West of Illinois, as a Committee on Credentials, to examine proxies and pass upon those qualified to vote. Owing to the great number of proxies to be gone over this Committee did not complete its labors until 8 o'clock Monday evening when the meeting was called to order. The Chairman commented upon the past year of arduous labor, strife and turmoil through which the administrative officers of the Association had successfully carried the organization and asked the President to make the address of welcome. (Address appears in another section of this issue.) Mr. Hutchison's address was received with great applause as it showed there had been nothing but praise from the business and financial interests of the country and from the public generally for the National Association during its first year, and that the only adverse criticism and harassing actions came from other Accountants and their Associations, jealous of the National Association's success and prestige.

An overwhelming vote of confidence was given the administration as a whole in the endorsement and ratification of the administration's appointments to fill vacancies on the Board of Governors, which appointment had been the subject of criticism from certain sources by circularization of the general membership. The vote was over three to one for the administration and indicated a severe rebuke to those whose methods of presenting this issue had displeased the membership in general.

As a token of the value the Association now places upon itself and its prospects, and to enable the new administration to widen and improve its scope of operations, the members unanimously voted that the membership qualifying or examination fee be increased from \$15.00 to \$25.00; that all new members after July 1st pay dues at the rate of \$10.00 per annum; and that after December 31st, 1922, all dues shall be \$10.00 instead of \$5.00 as now required.

In this connection there was considerable informal discussion as to securing a permanent home for the National Association in Washington. It was

pointed out how valuable it would be for the Association and the members, to build a suitable building fully equipped with reference library, work room with full equipment, a pleasant, quiet meeting and conference hall, an auditorium for meetings and locker rooms for members' papers and supplies. The idea seemed to be that such a facility located at the National Capital would serve a very useful purpose and serve each member as a Washington office. The Board of Governors is expected to take this matter up for formal consideration in the near future.

The fact that certain undesirable persons had gotten into the Association by fraudulent means, that certain others had been doing things inconsistent with the high standards of the Association, and that certain others were not sufficiently professionally qualified was presented and it was ordered that such persons should have their membership certificates revoked. Attention was called to By-Laws, Article 8, which placed authority in the hands of the Governors, at all times, for any cause, to revoke a member's certificate and it was announced that through this Article the Association would at all times keep itself purged and clean before the business public. Members were reprovved for not formally making charges under this Article in cases known to them, where such charges were indicated to be in order and every member was notified of his future duty and responsibility under this Article.

The value of coordinating the activities of the Association with those of business and financial, credit and educational agencies, seemed to be generally appreciated by all members. Several members of the Board of Governors have, already, plans well outlined for making this feature effective.

Three new members were elected to the Board of Governors, one representing the New England States, one the Middle Atlantic States and one the far Western States, the remaining four members of the Board continuing in office, having been confirmed and re-elected by the members, represent other sections of the country. Illinois, which put forward a number of high grade and acceptable candidates, was unsuccessful in winning a place, owing to the fact that a certain faction in that State had made an active general canvass for proxies prior to the meeting

in a manner which was regarded as harmful to the Association, to its purposes and to its members, and which method highly displeased the membership generally.

### ADDRESS BY THE PRESIDENT J. R. Hutchison, LL. B., C. P. A.

It affords me great pleasure to be able to greet you as your President, and to invite and welcome each and every member to a broader life of service in Accountancy, and to the unqualified privilege of attracting others to a nobler and truer life through it.

The membership of the National Association as I care to think of it, is composed of men who are of the highest type in professional Accountancy. The Association stands today where it does because of the untiring efforts of men and women who have willingly sacrificed both time and money to help to develop an organization so worth while.

A review of the Association's first year will show that it has been harassed and prosecuted, its opponents making many false statements and assertions which were filed with the different governmental departments, on account of which the Association was given a rigid investigation by the postal authorities, then by the Department of Justice, the Chamber of Commerce, and others; however, after all these investigations the National Association has operated in its own natural way, our opponents being unable to find anything illegal here in the District of Columbia. They then attacked us in many of the States for using C. P. A., N. A., which led to a suit in the States of New York and Minnesota. The New York State case was dismissed as similar to the case recently handed down by Justice Murphy. (Case referred to appears on last page.)

The Minnesota case is still pending but we expect in the near future to have a favorable decision.

The Association was sued in Chicago by Mr. Gore, a member of the American Institute of Accountants, asking for a writ of injunction prohibiting us from holding examinations in the State of Illinois, this case is still pending in the Illinois courts.

Again, the Association was sued in New York by Mr. Goodloe, a member of the American Institute of Accountants on a writ of injunction, to pro-

hibit the National from holding examinations in the State of New York, this case was tried and a decision rendered in favor of the National Association of Certified Public Accountants. The opponents have taken an appeal in this case, but we have every reason to believe that the findings of the lower court will be sustained.

The State Board of Accountancy of the State of North Carolina took a whack at the National, which resulted very disastrously to the North Carolina Board, a complete synopsis of the case you will find in the C. P. A. Bulletin No. 3. Since then we are also informed that the State Board of North Carolina has resigned, and the Board is now controlled by an entirely new set of officers.

The State C. P. A. Board of California, not being satisfied with its own operations, through its Secretary Wm. Dolge alias Wm. Duarfy, filed an application for membership and was accepted; this Wm. Dolge alias Wm. Duarfy certificate was copied by the American Society of Certified Public Accountants (the left hand organization of the American Institute), and sent to all parts of the United States as propaganda against the National. When it was found that the American Institute of Accountants controlled the California C. P. A. examinations, this propaganda had little effect, and membership of the National in California more than doubled itself.

The Capper Bill (a Bill to regulate Accountancy in the District of Columbia), now in the Congress of the United States, does not in its present form, regulate Accountancy, it merely establishes to a few who can meet certain requirements, a designation of the letters C. P. A. The officers of the National Association have opposed this bill as it stands, hoping and endeavoring to introduce a bill or have this bill amended so that it would place Accountancy as a profession and to license the professional Accountant and to make Accountancy a profession on the same basis as law, medicine, and other licensed professions. This bill, however, has not as yet passed both Houses, and it is hoped that through your efforts the bill will be amended so as to give the District of Columbia a model Accountancy law for the United States.

The effect of the great World's War has necessitated many changes and re-organizations—and Accountancy gen-

erally has received its share. Accountants have been at war with one another, and even our internal organization has had its share. Perhaps this came about owing to the small number on the Board of Governors and because one member of the Board could not have it all his own way. This member, on his own responsibility, sent out telegrams and letters calling for a special members' meeting; this, however, was a failure; then, on his visit in Chicago, he made many misstatements which were taken up by some of the Chicago members who without authority from the Washington office, formed in Chicago without notification to the Illinois members the "Illinois Council of the National Association of C. P. A.'s"; then, through the efforts of this "council," without any real investigation of the Washington office, there was caused to be mailed to members and to others circulars, all of which you are familiar with, very detrimental to the Association. It is hoped this body of members here assembled will thoroughly investigate these circulars and a verdict be rendered fixing the responsibility on the party or parties to whom it belongs.

Nevertheless, with all the many trials and tribulations, there have been many pleasant days and many pleasant meetings and much worth while has been accomplished. Many visitors from the various States have called and approved of our methods, letters on letters are on file complimenting the Board for the magnificent way in which the Association's affairs have been handled. Neither have we been without our sadness—on March 26, 1922, the Great Supreme Ruler removed from us and caused to pass on to his great reward, our beloved Secretary, Mr. Charles F. Belser, one whom we all loved, and one to whom due credit is given for the excellent advice and loyal support he gave to the National Association. Mr. Belser, we miss you!

As the Association grows in size and usefulness, it will be necessary to have more Zone Officers, and more and more necessary to form State Chapters, and to recruit members of vision from the various chapters for State and National leadership.

The future of the National Association must of necessity depend—first, upon a strong, aggressive Board, to initiate and outline progressive plans which the organization can successfully carry out; second, Zone Officers,

whose efforts should be to establish a friendly feeling between the various State Chapters in each zone, to establish and encourage the organization of new chapters, to keep in touch with business, financial, educational and credit mediums, as well as to cooperate in every possible way with the State officers. Zone conferences are just as important as the annual meeting, and should be attended by every member who can possibly attend from each State chapter. The third and equally important factor necessary to the future success of the National Association is that officers and directors of local chapters be chosen for their ability to lead, and that they be willing to work for the honor and pleasure they will derive from rendering such service.

At a recent meeting the idea was emphasized of having a program of activities chosen by the National Association, so that the local chapters could co-ordinate their activities along these selected lines as largely as possible. By this means, it will be possible to develop standards for exchange of ideas and experiences. Reports can be published in the official C. P. A. Bulletin, and then passed on to the local chapters and individuals. Some of the leading subjects suggested were research work, standardization of the balance sheet, true inventory, invested capital, and many other subjects of importance.

For the coming year, the program for the Association should consist of organizing new chapters wherever possible and concentration on special high class accountants to build up the membership of local chapters in each and every State.

As members and individuals we must live true to our accounting principles and help to keep our Association the best Association to which to belong. To be a member of the National Association, the greatest success to achieve is that of benefiting our fellow accountants and rendering true professional service. A tremendous power and influence will be felt when every member realizes his part and does his share to make the name of the National Association stand for the highest degree of Accountancy in his community.

The National Association of Certified Public Accountants may appear to the casual observer as nothing more than another Accounting Club, to get together and talk shop. To us who realize its true value, it bears a greater significance and has a broader scope.

The National Association, the big idea, it seems to me, is bigger than the individual. The abstract idea, at least, is greater than any single person, and if the State Chapters live up to it, they will perform the highest type of service in their own communities. There should be a full and hearty co-operation with all other Accounting Societies, the Chamber of Commerce, the Bankers' Club, and other civic and commercial organizations, and all plans looking toward the elimination of class distinction.

Being an organization thoroughly loyal to our Government, it is our special duty to advance Accounting education in the customs, forms, ideals of our country, and to keep within bounds of the land laws under which we may be practicing.

When a person becomes a member of the National Association, he subscribes to the tenets of the organization; the National principles become his principles; he accepts the National's code of ethics as his standard and to all these he gives part of his vitality, his mentality and his ambitions.

The question often arises when a Certified Accountant moves from the State where he has been established and where he has become identified with the local chapter, should he be compelled to drop from the certified fold; should he lose his identity as a Certified Accountant? Is the Accounting creed to be a one-state creed, a temporary affair; or is a Certified Public Accountant to be a Certified Accountant regardless of the State in which he may live and practice? If changing States means the loss of standing, then it must follow that State laws are not equitable. Is this limit to be placed on a thing so limitless?

If every member will keep intact his C. P. A., N. A., regardless of the State in which he may live, think of the numerous possibilities this will open up for the growth of the National Association of Certified Public Accountants and the value of it all to you personally.

If you are a C. P. A. of one State, why should you be deprived of the same privilege in another State?

This is one of the principal objects of the formation of the National Association, to protect the designation of C. P. A. and to equalize and adjust the different 48 State varieties, so once a C. P. A., N. A., always a C. P. A.,

N. A., regardless of the State in which you reside.

The National Association is truly representative of all the best professional interests in the States. Practically every activity, every business is audited by its members. It seeks truly to embody and express the highest type of Accounting through its membership. The National State Chapters are organized with the usual quota of officers and committees. The meetings are held weekly or monthly and here each man meets his fellow. He meets him with a glad hand and a welcoming smile. He looks into the eyes of a representative fellow accountant. It is a time and an occasion for cementing the bonds which should unite all true accountants in a common purpose and a warm friendship.

There are times in the life of every Accountant when he needs to forget his own trouble and think of the other fellow's. Attendance on Chapter meetings provides just that surcease which every Accountant requires to keep himself physically fit and mentally alert.

In summing up the past year's work of the Association, I want to thank you for your loyal support, your financial aid, and your many kind words of comfort.

The National Association of Certified Public Accountants was organized June 4, 1921, with a membership consisting of the four Board of Governors and five for the Board of Examiners—today the Association has a membership of over 3,000, made up of the best practical professional Accountants in the country; the Association has received applications for membership from every State in the Union, Canada, South America, Central America, Australia, Hawaii, Japan, China, Mexico, England, France and Cuba.

Examinations for admission to membership have been held in the District of Columbia, States of New York, Illinois, Missouri, Texas, California, Minnesota, Connecticut, Rhode Island, Vermont, New Hampshire, Maine, Massachusetts, Georgia, Florida, Alabama, Louisiana and North Carolina.

As a growing organization, the Association has been sued by its opponents in New York, Illinois, Minnesota, Texas and North Carolina, for the results of the outcome of these suits I would refer you to the C. P. A. Bulletin Nos. 3 and 7.

To the Acting Editor of the C. P. A. Bulletin, I wish to extend our thanks

for his loyal support, the efficient way in which he has handled the publication, and the forceable manner in which the interests and principles of the Association have been brought before the public.

To the Chairman of the New York National Protective Association belongs the credit of saving the Association from ruin by selfish opponents whose chief aim and object were to wreck the National before it got fairly started.

To the Zone Officers much credit is due as to the manner in which their zones are conducted, and the goodfellowship created throughout the various States.

To the State National Protective Associations, your courage has been without bounds, your leaderships without equals, and your fidelity without limit.

To the State Chapter Officers, much credit is due you for your leadership in bringing success to the designation of the professional Accountant, the C. P. A., N. A.

To the Board of Examiners, credit is due for your untiring efforts under difficulties in safeguarding the Association for the methods in which applicants have been examined for admission to membership and qualified as certified accountants and the tactful manner in which you have handled the rejected applicant.

To the Board of Governors and the office force, I wish to heartily congratulate you on your loyal support, your untiring efforts, and the many favors you have extended to me and to the Association.

I welcome you all, collectively and individually.

#### YOUR NEW GOVERNORS

At the Annual Meeting five new Governors were elected to serve the National Association. They are Mr. Lawrence J. Adams, of New York, for the term of three years, Mr. Melville D. Thomas, of Connecticut, for the term of two years, Mr. Elmer Long, of California, for the term of one year, as also Mr. Don R. Hutchison, of the District of Columbia, and Mr. C. P. Timmons, of North Carolina, both for the term of one year, and both having previously held the office by appointment by the President.

**HISTORICAL****Lawrence J. Adams**

Mr. Lawrence J. Adams, of New York City, N. Y., is one of the most popular and well known accountants of that city. He has a level head and high executive ability, having reached the age of 36, he is in his prime mentally and physically. He is a graduate of Commercial and High Schools and of the Frank Broaker C. P. A. Post Graduate course, speaks German and Spanish and is a master of oral technical expression. His special experience has included service as Assistant Cashier with Maston & Nichols, Lawyers, New York City, having to do with estate fiduciary, general law and bankruptcy accounting for a period of seven years. For five years he served as Assistant to and Secretary and Treasurer of Abercrombie & Fitch Company. For five years he was General Auditor of North American Copper Company and its subsidiary corporations. For the past three years he has been successfully practicing in his own behalf as a Public Accountant in New York City.

**Don R. Hutchison**

Mr. Don R. Hutchison is a graduate of High School, Business College, and Drake University of Iowa. Mr. Hutchison has been practicing Accounting since 1914. From 1914 to 1917 he was a member of the firm of Hutchison & Hutchison, Public Accountants, practicing in Iowa; from 1917 to 1919 having been rejected for military service on account of injuries sustained in an accident, he was made Field Auditor in Construction Division of the Army; 1919 and 1920 he took up further studies at Drake University; 1920 and 1921 was practicing Public Accountancy in his own behalf and was also Manager and Auditor for the Arcade Sunshine Company, Washington, D. C. Mr. Hutchison, as well as being an Accountant, is also an Attorney at Law, having been admitted to the bar in the State of Iowa.

**Clarence P. Timmons**

Mr. Clarence P. Timmons is an Accountant and business man, who holds a responsible position with a large transportation company. His experience has been of a wide and useful nature and he makes a most valuable acquisition upon the Board of Governors of the Association.

**Elmer Long**

Mr. Elmer Long, C. P. A., and Chartered Accountant of Argentina, South America, has probably as wide a general accounting experience as any professional in any organization of the profession in the country. He is a man well known in all parts of this country, in Europe and in the Far East. He has had many international engagements. As indicated above, he is a Certified Public Accountant as well as Certified member of the National Association, and holds the commission as Chartered Accountant of Argentina in South America. In connection with Mr. Long's Argentina commission, it is interesting to note that the processes of the examination given by that country extend over a period of six weeks, and that a man desiring to become a Chartered Accountant, must practically give his whole time for that period.

**Melville D. Thomas**

Mr. Melville D. Thomas of Hartford, Conn., is known as the fighting representative of the National Association. Against great opposition in the New England States, he has done more to further the interests of the National Association in the way of building up State Chapters and in the way of controlling the monopolistic tendencies of the older accounting bodies, than any other member in any other section of the country. As a result of Mr. Thomas' activities, loyally supported by the Chapter which he organized in Connecticut, the Connecticut State Board have ceased to give the American Institute examination, and are now giving an examination prepared by the Board itself, the results of which are examined, not by the employes of a private corporation, but by those who have been regularly appointed for the purpose. Mr. Thomas has been largely instrumental in gaining a reasonable and satisfactory examination of candidates for certification in that State. Since 1899 Mr. Thomas has practiced the profession of Accountancy, occupying positions of statistician for the American Steel & Wire Company of Cleveland, Auditor for the Interstate Iron & Steel Company of Chicago, Field and Traveling Auditor for the U. S. Housing Corporation, Senior Accountant with various well known accounting firms, and for the period 1912 to 1918 as a Practicing Public Accountant in his own behalf with offices at Omaha, Neb.

**EDITOR'S NOTE**

Your editor cannot refrain at this point, through the columns of the Bulletin, in highly congratulating the members of the National Association on the quality of the men who have come forward to serve them as Governors for the coming year. Irrespective of what any may say, the fact that such men present themselves and accept this service indicates beyond dispute that the National Association is all that the most ardent member claims for it.

**TREASURER'S REPORT**

The Treasurer's Report for the fiscal year 1922 was presented to the annual meeting, and at the request of the Treasurer, Mr. C. R. Carpenter, was referred to a committee for audit. The report of the committee will appear in a later issue of the Bulletin.

**IMPORTANT NOTICE**

The National Association is a membership corporation and your certificate of membership is in force and effect only as long as you are a member in good standing. You are not a member in good standing if your dues to the Association are not paid. You cannot hold yourself out to be a Certified member of the National Association unless you maintain your membership in the Association.

The National Association certifies only members—when you cease to be a member you cease to be certified, and a statement of membership or presentment of certification would be false and could leave you subject to prosecution.

Membership dues for the calendar year 1922 are due and payable. If you have not already done so, kindly make out your check **now, before you forget it**, to Treasurer, National Association of Certified Public Accountants, for the sum of \$5.00, and remit same to 47 Franklin National Bank Building, Washington, D. C.

Payment of dues brings you your pocket identification card which identifies you to all as a member in good standing and avoids unpleasant complications.

Do this **Now**, before you unintentionally forget and thereby jeopardize your certified membership.

**FORCED MONOPOLY**

The National Association has been forced temporarily, by those State C. P. A. organizations, who are under the control of the American Institute, a private corporation of the District of Columbia, by court order, to suspend the further issuance of the senior membership degree of the Association. Apparently the junior degree may still be issued but must not be called a degree.

By this action and use of the courts the present senior members of the National Association are especially to enjoy for a time at least their membership credentials, in that no other professional persons, no matter how well qualified, will be allowed by the court a like privilege in the practice of their profession.

No matter how valuable this action may be to the individual who is the fortunate possessor of a senior membership credential in the National Association, it is most unfortunate for the profession and for the National Association, which has been fighting this very special privilege, as practiced by other organizations, for this, the only organization of the profession that has fought for a fair and equal opportunity for all on the basis of practical professional qualifications and fitness, to be forced unwillingly by court order, into the same category of effectual special privilege.

The present extraordinary situation appears to be that the American Institute, one private corporation of the District of Columbia, may, so far as the authorities of the District of Columbia are concerned, continue to actually issue to the public through the distributing mediums of State Boards of Accountancy under its examination

control the C. P. A. credential, despite the fact that the attorney generals of the States are beginning to insist that the practice is illegal and must be discontinued, while the National Association, a rival private corporation of the District of Columbia, may not even issue a membership credential to its own members.

This situation exists in spite of the fact that there is not a known complaint against a single member of the 3,000 members of the National Association, or against the Association itself, by a business, financial or credit agency or individual and that the complaints of rival interested parties are not against professional malpractice or standing but merely that three professionals out of 3,000 have become members of the Association in a way objectionable to these parties who are interested only and openly in putting the Association out of business and casting discredit upon its members.

In granting the restraining order, the controlling factor with the court seemed to be the fact that an applicant for membership had obtained his membership in the Association by fraud, inasmuch as it produced evidence—evidence of what was not indicated. It could hardly be that the court considered fraud against a corporation as being a basis for putting corporations out of business, as on such a basis nearly all business some time in its history would have to cease. It could hardly be what the person who committed the fraud claimed it to be, namely, to show that the National Association was merely selling certificates as the court could hardly believe that this particular fraud produced evidence as to the total number of inquiries for membership compared with the total of accepted membership—the only true test of selling versus selection. Out of fifteen thousand approximate applications of all kinds the court could hardly deem less than 3,000 members as indicating salesmanship worthy of the name.

**NATIONAL DEFENSE FUND**

Owing to the continuing harrassing attacks in the courts instituted by rival associations, it has been deemed advisable that the members place at the disposal of a committee nominated for the purpose, funds for the purpose of defending the National Association and its members against any and all such attacks. The sum of \$5.00 from each member will be, in the estimation of this committee, amply sufficient to pay all expenses incident to completely satisfy the opposition in or out of the courts that the National Association will stand for no undue interference. The committee consists of Herman A. Stich, W. E. Bryant and Elmer Long. Kindly make your checks payable to Chairman, Defense Fund, National Association Certified Public Accountants, Washington, D. C.

**HARDLY ANY LEFT**

It is interesting to note that one of the largest Accounting contractors in the United States, after having discharged its staff members who had become members of the National Association, were recently forced to advertise in the New York "Times" for a period of a week for two Seniors capable of managing a middle west office for them.

It is interesting to observe how hard it is to obtain good capable accountants who are not members of the National Association.

**CASE DISMISSED**

Copy of check for Five Dollars Bail returned to member of the National Association who designated himself in practice C. P. A. (N. A.), the case being dismissed by the court.

SPECIAL

IN THE MATTER OF

Dayle No. 20109 NEW YORK, 1/31 1922

THE  
**CHEMICAL NATIONAL BANK** 1-12  
OF NEW YORK

PAY TO THE ORDER OF

Thomas J. Dayle

\*\*\*\*\* FIVE DOLLARS \*\*\*\*\*

DOLLARS

\$ 5

[Signature]  
FOR THE CHAMBERLAIN

[Signature]  
FOR THE CHAMBERLAIN

AN ENDORSEMENT HEREON CONSTITUTES A RECEIPT IN FULL OF THE AMOUNT DIRECTED TO BE PAID AND MUST BE BY THE PAYEE IN PERSON, AS DRAWN

**OFFICERS**

At the regular meeting of the new Board of Governors, the following officers were elected for the coming year:

President, J. R. Hutchison of Iowa.  
First Vice-President, Lawrence J. Adams of New York.

Second Vice-President, D. R. Hutchison of District of Columbia.

Secretary, C. P. Timmons of North Carolina.

Treasurer, Elmer Long of California.

Directors, M. D. Thomas of Connecticut, and C. R. Carpenter of Illinois.

**COMMENT ON FEDERAL RESERVE FORMS****Cost of Sales**

The C. P. A. Bulletin of May 1, 1922, including Federal Reserve forms and inviting comment and suggestions, received.

The forms generally seem to be complete and desirable, however, I desire to offer as a suggestion the advisability of including in the Cost of Sales, "Freight and Cartage Inward."

Very truly yours,

GRANT L. BELL.

Scranton, Pa.

**Good Will**

An Account with "Good Will" should appear in the General Ledger when it represents Good Will actually acquired and paid for.

"Good Will" is an asset and should be classified as being one of the so-called "Fixed Assets."

If the Good Will account is only debited with the actual costs made in acquiring it, the account should not be written off.

If we deduct Good Will from the surplus account it would greatly reduce that account and it might render the payment of dividends difficult even though earned profits for the period were available.

The term Good Will has often been used to cover the issuing of so-called "watered stock." New companies sometimes issue shares of stock which represent no acquisition of value whatever. In recording such a transaction they would debit a so-called "Good Will account." In such a case the Good Will account is really not a legitimate account and should in my opinion be treated just as the Federal Reserve Board recommends.

On the other hand, if the account represents actual value acquired which will help to produce profits, the account should be regarded as being a "Fixed Asset."

S. E. TUCKER.

Boston, Mass.

**RHODE ISLAND CHAPTER MEETS**

The Rhode Island Chapter of the National Association of Certified Public Accountants held its regular meet-

ing on May 26th, Mr. Harrie A. Fales, President, in the chair. A number of accountants who were not members of the Association attended on invitation to listen to a paper by Melville D. Thomas, New England representative, on the subject of "Theoretical Auditing versus Practical Auditing." After Mr. Thomas concluded his reading, a general discussion of the subject was held and the meeting then adjourned.

**CHANGE OF ADDRESS**

Messrs. Morton & Berman, Public Accountants, announce the removal of their offices to 140 Cedar Street—90 West Street, New York City.

Joseph L. Collard, Accountant and Auditor, has removed his offices to 39 Center Street, New Haven, Conn.

**STATE BOARDS OF ACCOUNTANCY ATTENTION**

Attention of the State Boards of Accountancy of the various States, in connection with the giving of examinations other than those prepared by the State Boards and with having papers of candidates rated by others, is invited to the opinion of the Attorney-General of the State of Connecticut recently handed down:

"The State Board of Accountancy is a part of the executive branch of the Government, and the powers delegated to it by statute insofar as they relate to preparing or passing examination papers of applicants for a degree, must be performed by the members of the Board. Under the statutes these acts are vital functions of your Board and it is not within the discretion of your Board to delegate these powers to anybody else."

In connection with payment of funds outside of the State for examinations, the Attorney-General has this to say:

"The conclusion that you cannot legally delegate these powers of the Board necessarily answers your question as to the legality of payments by your Board for the performance of these services of others."

In accordance with this decision the State Board of Accountancy of Connecticut have ceased to give the examination prepared by the American Institute of Accountants, and have ceased to employ the examining officers of this body.

In the opinion of the Attorney-General of the State of Connecticut, which is concurred in by the National Association of Certified Public Accountants, all acts which have been based upon the American Institute examination used by State Boards of Accountancy are illegal. The results of those actions undoubtedly will cause trouble not only to the Boards but to certain innocent members of the profession as well.

**THERE IS A LIMIT**

The National Association has purposely refrained from undertaking any action against the various organizations, official and unofficial, of the profession of Accountancy, hoping always that those things which have been improper or illegal would rectify themselves upon being brought to the attention of those concerned. This attitude of the National Association has so far not been appreciated and it has allowed itself to be the butt for those who have been in error themselves, and the subject of attack indirectly and directly in the courts of a prosecution which has taken on the aspect, through the form in which it is engaged in, of deliberate persecution. There is, however, a limit beyond which the National Association can and will not refrain from taking active steps to bring retribution to those who cause this condition of affairs, and who through their own failings are in no position to criticise, to prosecute or to judge the National Association. A case in court in Illinois against the National Association is being prosecuted by an accountant high in the councils of a rival private corporation, on his own account and on account of his association. This accountant, who is on the staff of a concern which has recently been heavily fined by the court for gross negligence and malpractice resulting in huge losses to their client, is a moving spirit connected with many if not all of the proceedings against the National Association. This case is typical of nearly all of the attacks against the National Association. Actual law-breakers have set themselves up as prosecutors and as judges of what shall be considered as right or wrong within the profession, of what is good or bad in professional associational organization, and of what is acceptable or unacceptable in accountants qualifications. So far, through the fact that they are entrenched, and because the facts are not generally known, they have succeeded in gaining the ear, temporarily at least, of officials and of the courts. This is largely due to the unwillingness of the National Association to show up publicly what is rotten within the profession, as it would mean many high grade accountants would have to suffer for the sins of a few.

The limit to which the National Association can stand for such things has nearly been reached, and accountants connected with organizations, other than the National Association, which are persecuting and harrasing the National Association, are served with notice that unless they take steps to control their organization in this respect, that the National Association will undertake to force these various organizations, which improperly oppose it into a position and condition before the public which will seriously affect the professional standing of many individual practitioners who are connected with or who have been certified by them.



# National Association Wins Inter-State Practice Decision. New Hampshire Decision Upon Which, Case Volunteered By National Member Was Dismissed.

## THE PEOPLE OF THE STATE OF NEW YORK

*against*

**ERNEST H. BROWN**

The defendant was tried in this Court on an information charging that he violated Section 80 of the General Business Law of the State of New York, in that he "unlawfully did assume the title of 'Certified Public Accountant' and did use the abbreviation 'C. P. A.' to indicate that he, the said defendant, was such Public Accountant."

Section 80 of the Business Law provides that a citizen of the State of New York who has received from the Board of Regents of University of the State a certificate of his qualifications to practice as a public expert accountant shall be styled and known as a Certified Public Accountant and that no other person shall use such title or use the abbreviation "C. P. A."

The defendant inserted on July 15th, 1921, an advertisement in a telephone directory, distributed in the City of New York, in which he styled himself "E. A. Brown, C. P. A. (N. H.)."

The people concede that the defendant was certified in the State of New Hampshire as a Public Accountant some time in the past and was such accountant on the date of the filing of the Information in this Court. It is also conceded that the letters (N. H.) represent what is understood to mean the State of New Hampshire. Admission was made that he never received a certificate in the State of New York.

The District Attorney contends that the defendant, in advertising himself "C. P. A. (N. H.)," committed a misdemeanor, violating Section 80 of the Business Law, the provisions of which are set forth above. I cannot agree with him. In my opinion the defendant in so advertising himself did not do that which is prohibited by Section 80 of the Business Law. In other words, in using the above letters he did not hold himself out to the public as a Certified Public Accountant of the State of New York.

Anyone may practice as a Public Expert Accountant and advertise as such without license or permission. He may also set forth in such advertisement any qualifications which he thinks he possesses, so long as no deception is intended, to aid him in obtaining clients. Thus, if such person were a graduate of a University and had received the degree "Bachelor of Arts" he may, without violating any law, so inform the public by writing after his name the customary letters "A. B." The defendant was within his rights and within the law in informing the Public that one of his qualifications for practicing accountancy is the fact that he was certified as such by the proper authorities in the State of New Hampshire.

It cannot be contended that the Statute arbitrarily forbids the use of the words Certified Public Accountant or C. P. A. It only forbids such use when the result of use is intended to deceive. The law was obviously intended to safeguard the public against wrongful misrepresentations as to the qualifications of the practitioner. As to the point raised that the letters N. H. were not sufficiently descriptive and might suggest other meaning than New Hampshire, it seems to me the use of such letters is notice to the Public to inquire and clear up any ambiguity which might exist.

For the reasons stated I vote to acquit the defendant.

D. F. MURPHY,  
*Justice,*  
*Court of Special Sessions.*

New York, May 26th, 1922.

C. P. A. (N. A.) NOW ALLOWED BY LAW

Harrassing Program Meets Second Defeat