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## **C. P. A. Bulletin, No. 10, September 1, 1922**

National Association of Certified Public Accountants

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# The C. P. A. Bulletin

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No. 10

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

Sept. 1, 1922

DESIGNATION

## Certified Public Accountants

ALLOWED BY NEW YORK COURT

### To Full Members of National Association

LETTER HEAD COMPLAINED AGAINST:—

L. J. BOTWIN, N. A. C. P. A.

N. S. BOTWIN, N. A. C. P. A.

**BOTWIN & BOTWIN**

CERTIFIED PUBLIC ACCOUNTANTS

AND

INDUSTRIAL ENGINEERS

Phone 7544 Barclay

Park Row Building,

15 Park Row, New York.

PROVISION OF LAW, SIMILAR IN ALL STATES, CLAIMED VIOLATED:—

“And no other person” (than those certified by the State Board) “shall assume such title, Certified Public Accountant, or use the abbreviation C. P. A. or any other words or figures to indicate that the person using the same is such certified public accountant”.

COURT DECISION:—

DISMISSED

BASIS OF DECISION:—

ARGUMENT—Excerpted from Court Stenographers Minutes.

**Mr. Wilson:** (District Attorney: For the people) Well, it is only fair to call attention to this particular exact language from the act: It says among other things: “And no other person shall assume such title, certified public accountant, or use the abbreviation C. P. A. or any other words, letters or figures to indicate that the person using the same is such certified public accountant”; the section reading that he must be licensed by the Board of Regents. Now, as I interpret the section, anybody in the State of New York who uses the words Certified Accountant without first having been licensed by the Board of Regents commits a misdemeanor.

**The Court:** But they can use the initials N. A.?

Continued on Page 8.

## National Is Recognized.

It is to be expected that certain small groups and organizations of competitive accountants assert that the National Association is not recognized. This assertion is true only so far as these little competitive groups are concerned and its value is absolutely negligible—the dissenting voice of some 1500 persons in a nation of 110,000,000—the small minority of a profession against the large majority.

The possession of the National Association, thru its 3,000 professional supporters, is a recognition, by the organizations of business, finance and by courts of law. This is the recognition which proves professional ability and capability, in terms of dollars and cents - this is the recognition which comes from work which goes over the desk, accomplished by capable men, not by framed scraps of paper; by trained minds, not by titles.

The National Association, except among a few professional competitors, is recognized in every state in the Union.

## National Chapter Lecture Course Lecture No. 1

Before taking up our studies on the subject of accounting, it may be well to consider briefly the history of same. Undoubtedly accounting began with the first credit transaction of man, for prior to this time all transactions, being merely exchanges of commodities, were visual and closed immediately upon the delivery of same: therefore there was no need of any accounting. The individual could, whenever he wished, survey his earthly possessions and construct in his mind a crude statement of assets, or rather, an inventory of same. There being no liabilities, there were no offsets to this inventory. It was his net worth expressed in quantities with the exception of his shekels of silver, if he had any.

But, sometime after Abraham took up his tent in Mesopotamia and moved over into the land of Caanan which the Bible tells us the Lord gave him, and before the first organized government of man was set up, men began to make transactions that were partially or wholly incomplete as to exchanges, and it became necessary to make some sort of a record of these transactions, that they may not be forgotten. When such transactions came into use there came also disputes as to the correctness of the records of these transactions, hence the need of disinterested outside opinions as to the correctness of same. They were auditors. The first head of any government that we have any record of was Amraphel, King of Shinar (Chap. 14 Verse 1 Book of Genesis). This King promulgated a code of laws governing commercial transactions and from this code we learn that auditors in those days practised their profession.

Wars have destroyed many of the records and we therefore have no connected history of the development of accounting. What we have is fragmentary and disconnected as to time, but, from what information we do have, we are able to construct a very interesting development without the dates of the various stages of same.

Probably the first records were stones or pebbles placed on ledges within the cave or in some secure place without, simply as a reminder of the transaction. Different arrange-

ments of these pebbles meant different transactions without any attempt to reduce to a money value. Later came the tally, first in the form of knots tied in strings or rope, afterwards, notches cut in reeds. Then followed the cutting in reeds of notches on one side representing the indebtedness and on the other side representing the offsets. The reed was then split across the notches and the parties to the transaction each took one half of the reed. By matching them together at any time either party was able to determine whether or not the other one had falsified the records. It is not so easy under our methods of today. This method was the origin of the "Indenture".

Then came man's first attempt at writing. Signs or hieroglyphics were inscribed on clay tablets to represent certain things. It is claimed by some authorities on the subject that the Phoenecians, who were a great commercial nation, invented the alphabet so that they might more readily record their commercial transactions. These transactions were inscribed on clay tablets, baked and preserved in jars, each debtor or creditor having a separate jar in which his tablets were placed. Some of these records are today preserved in our museums, notably those of a banking firm of Nippur and one of Chaldea. The date is somewhere around 3200 B. C. These jars represented our ledger accounts of today in our single entry books.

Then came papyrus and the records of the ancient Egyptians were inscribed with a calamus or reed on this papyrus and preserved in rolls.

Coming down to more modern times, we find the head of each Roman family entering his accounts in a book called at that time the "adversaria". It was nothing more or less than a diary or day book. Probably centuries before, the trader had discovered the utility of the book form over the scroll or papyrus roll where voluminous records were necessary and had adopted same. Naturally, when the Roman Government required a record from each head of the family this was the record he adopted. At the beginning of this method the trader and his debtors or creditors met from time to time, went over each others accounts and settled accordingly either in merchandise, cash or agreed balance. This latter was the inception of our present "Account Stated" used in law. Each time it was necessary to go back only to the date of the last settlement. From this practise also arose the rule of the present day that the book of original entry must be presented. Then the thought struck some enterprising trader that, if instead of waiting for the day of settlement, he could, during his leisure time, draw off on a separate record, all of the transactions of those customers of his who had many transactions, he would save both his and the customers time on settlement day. Possibly it was with the idea of having the statement ready so that he could get his money at the earliest possible moment, for there were stringent times then as now, and the creditor was just as inexorable as he is now. At any rate the experiment proved a success. Other merchants learned of it and thus came into use our ledger.

When men began to settle in money instead of goods, money being so easily transported and not requiring barter to realize upon, had to be more carefully guarded than merchandise, a book was laid over the cash drawer or near the jar where the money was kept and strict instructions

were given that every transaction involving cash had to be entered in the cash book at once. This gave an accounting of money at all times. It also became a sort of a barometer of the business, reflecting, in a way, in the receipts and disbursements, the increase or decrease of same. Many merchants of today use this fluctuation as a guide to their business more than they do their balance sheet. It cannot be relied upon however as any accountant knows.

Naturally, the trader was interested in knowing whether or not he was increasing his store of earthly possessions, so, at times, he reckoned them up. By setting down all that was owing him, adding to this his money, also the merchandise on hand, and subtracting from the total thereof the amount he owes to others, he was able to arrive at his net worth at this time. By comparing it with the net worth of previous periods he learned whether he had made or lost. It follows as a matter of course that if he found he had made money he was satisfied, but if he lost he was not and started to investigate the whys and wherefores thereof. This meant an analysis of his transactions for the period into, sales, purchases, expense, etc. After accounting for the loss, it occurred to him that if he could watch, during the next period, those transactions, he could prevent such losses. He therefore, began to draw off from his books of original entry or diary certain items of purchases, sales and expenses, grouping them as he saw fit, studying them, from time to time, and in all probability, being guided as to future transactions by the information gained from such analysis.

Probably, during this period, started the combination of capital, the first stage of which was the partnership. The world is no worse today than then, for dishonesty was just as prevalent. A trader in partnership, seeking by some unholy means to get more than his share of the profits, discovered that he could manipulate the profits by increasing the payables, withholding some of the receivables, reducing the inventory or both, or all, thus cutting his partner out of drawing what he was justly entitled to. If he later bought out his partner, he made a good bargain. Possibly, on the contrary, he conceived the idea during one of his charitable moods, of letting a friend in on a good thing in the way of a business venture. Therefore he reversed the program, increased his receivables and inventory, decreased or completely ignored his payables, selling his friend an interest in the business on the basis of such showing. We have not forgotten these crude methods, but practise them during the present day.

Necessity has always been the mother of invention, so, in all probability, some poor sucker invented the idea of separating every transaction, placing the debit where it belonged to represent either an asset or an expense and every credit where it belonged to represent either a liability or an earning. Thus double entry came into being, and is in reality the Science of Accounting. The Art of Book-keeping, which is merely the individual application of the Science to a given business, is a study that can only be taken up after the Science of Accountancy has been mastered. Of this subject we shall have more to say later on in the course.

**NOTE:**—Educational Committees of the various State Chapters will address all inquiries as to the Chapter Lecture Course to Melville D. Thomas, Hartford, Conn.

## Associate Member.

Accountancy must necessarily move along hand in hand with business, with the banks, with credit agencies and with the Law. Accountants in their association cannot flock, to the best advantage, by themselves; such association only produces professional bigotry and a separation rather than a coordination of the values of recording and administration of reporting and executive management, of professional planning and business execution.

The National Association of Cost Accountants have recognized this fact, in so far as it relates to "Costs" in accountancy and in business, and have in their association the "Cost business man" as well as the professional public cost accountant meeting together on common ground, with good result.

The National Association of Certified Public Accountants believes in the principle and so believing, through its Board of Governors, has created a degree of membership, to be known as Associate Membership, for the accommodation within the National Association, of business men, bankers, credit men and lawyers, who, though accountancy is not their profession, are interested in having the fullest and most economic general coordinated service.

Under the addition to the By-Laws of the Association adopted by the Board of Governors, all of those who become members in this class will have all the rights and privileges of Full Membership, with the sole exception of holding executive office. They will be eligible to the Board of Governors and from among them will be appointed National Committees on Law, Finance, Credit, Administrative and Executive management.

The Board of Governors recommend that members present to all who are known to them as being eligible to the above class of membership the value of belonging to an organization which is standing for principles which are bound to result in standardization, dependability and economy in accountancy which will translate itself into better and safer business, finance and credit.

## N. A. Consulting Staff

### GENERAL PRACTICE NOTICE NO. 1.

### Consignors Liability During The Present Railroad Strike.

All members are requested to notify clients who are dependent upon common carriers for the delivery of merchandise that liability for delay, non-delivery or loss of goods in transit on railroads may legally lie against the consignor and not against the common carrier, when such delay, non-delivery or loss is attributable to a strike condition beyond the control of the Railroads.

During the strike period all clients should be advised to protect themselves in this matter by mutual agreement between consignor and consignee, by insurance, by reserves, or otherwise.

# Balance Sheet, Profit and Loss Statement and Schedules Approved by American Bankers Association

## ASSETS.

Cash on hand and in Bank	.....
Notes Receivable of Customers:	
Current	.....
Past Due, Cash Value	.....
Accounts Receivable of Customers:	
Current	.....
Past Due, Less than 6 Months	.....
Past Due, Over 6 Months	.....
Acceptances of Customers	.....
Merchandise:	
Finished	.....
In Process, Unfinished	.....
Raw Material	.....
Collateral Pledged to Loans:	
Notes Receivable	.....
Accounts Receivable	.....
Trade Acceptances	.....
Merchandise	.....
Securities	.....
Other Active Assets	.....
.....	
.....	
TOTAL ACTIVE ASSETS	.....
Due from Controlled or Allied Concerns:	
For Merchandise	.....
For Advances	.....
Stocks, Bonds and Investments	.....
Land	.....
Buildings	.....
Machinery, Equipment and Fixtures	.....
Horses, Wagons and Automobiles	.....
Notes Receivable—Due from Officers, Stock-	
holders and Employees	.....
Accounts Receivable—Due from Officers, Stock-	
holders and Employees	.....
Good Will, Patents and Trade Marks	.....
Other Assets—Itemize	.....
.....	
Deferred Assets	.....
.....	
.....	
TOTAL	.....

### CONTINGENT LIABILITY OF ANY KIND.

Upon Receivables Discounted or Pledged	.....
Upon Accommodation Paper or Endorsements	.....
Customers' Accounts Sold and Assigned	.....
As Guarantee for Others on Notes, Contracts, etc.	.....
For Bonds or Unfinished Contracts	.....
For Leases	.....
Other Contingent Liabilities	.....

## LIABILITIES.

Notes Payable for Merchandise	.....
Acceptances Issued	.....
Notes Payable to Banks	.....
Notes Payable for Paper Sold	.....
Notes Payable to Officers, Directors and Stock-	
holders	.....
Notes Payable to Others	.....
Accounts Payable—Not Due	.....
Accounts Payable—Past Due	.....
Accounts Payable to Officers, Directors and	
Stockholders	.....
Deposits of Money with this Co. by Officers and	
Others	.....
Secured Liabilities by Notes Receivable	.....
Accounts Receivable	.....
Trade Acceptances	.....
Merchandise	.....
Securities	.....
Any Other Liabilities Current	.....
.....	
.....	
TOTAL CURRENT LIABILITIES	.....
Mortgages or Liens on Real Estate	.....
Bonded Debt	.....
Chattel Mortgages	.....
Any Other Liabilities—Itemize	.....
.....	
.....	
Total Liabilities	.....
Reserve—Itemize	.....
.....	
.....	
Capital Stock—Pref. Outstanding	.....
Capital Stock—Com. Outstanding	.....
Capital Stock—No Par Value	.....
Surplus and Undivided Profits	.....
.....	
.....	
TOTAL	.....

### COMMITMENT LIABILITY.

Contract Price of Goods Purchased, Delivery to be made	
During 192	.....
Present Market Value of Goods Purchased, Delivery to be	
made During 192	.....
Insurance, Fire on Building \$..... Machinery, Fixtures	
and Equipment \$..... Merchandise \$..... Life	
in favor of Company \$.....	.....

## CONDENSED PROFIT AND LOSS STATEMENT FOR FISCAL YEAR ENDING

192

EXPENSES.	INCOME
Cost of Material or Merchandise Consumed	Net Sales
Actual Expense of Conducting Business, Including	From Investments
Rent, Taxes, Insurance, etc.	From Discount in Purchases
Salaries Paid to Officers	From Other Sources—Itemize
Interest on Borrowed Money, Bonds	
Bad Debts Charged Off	
Depreciation Charged Off	
Net Profits	
TOTAL	TOTAL

### SURPLUS AND UNDIVIDED PROFITS

At Close of Previous Year	\$ .....
Less Charges Not Applicable to Current Year	\$ .....
Add Net Profits as Above—Itemize	\$ ..... \$ .....
Less Dividends	
Preferred (Per Cent)	\$ .....
Common (Per Cent)	\$ .....
No Par Value (Per Cent)	\$ ..... \$ .....
UNDIVIDED PROFITS	\$ .....

We hereby certify that the foregoing figures are taken from the books of this Company and that they and the statements contained on both sides of this sheet are true and give a correct showing of the financial condition of the Company.

Signed this ..... day of ..... 192

Name .....

By .....

(State official title)

I-We have audited the accounts of ..... for the period from ..... to ..... and certify that in my our opinion the above Balance Sheet and Statement of Profit and Loss set forth the financial conditions of the firm or company at ..... and the results of its operations for the period.

.....  
Public Accountants

### WORTH OF ENDORSERS EXCLUSIVE OF THEIR INTERESTS IN THE BUSINESS.

.....	\$.....	\$.....
.....	\$.....	\$.....
.....	\$.....	\$.....

## The Value of An Accountants Services.

By a Subscriber.

That the accountant has not yet reached his place in the business world to which he is justly entitled by reason of his value thereto is clearly demonstrated in a recent bankruptcy. The details are as follows, leaving out the names and location.

A corporation was formed in 1916 with two thousand dollars paid in capital, the authorized capital presumably being twenty five thousand dollars. In 1920 a stock dividend was apparently declared for twenty three thousand dollars, this being the amount charged to surplus and credited to capital stock.

The manager who owned practically all of the capital stock has been drawing a salary of over one hundred and fifty dollars per week since the incorporation. He is also the owner of practically all of the capital stock of two other corporations in the same line of business in nearby towns.

In six years he has succeeded in accumulating sixty thousand dollars of accounts receivable, thirty five thousand of which is due from the other two corporations of which he is the sole owner practically. He has also piled up liabilities in accounts and notes payable to the extent of sixty five thousand dollars.

He then proceeds to take advantage of the bankruptcy act. The trustee sells six thousand dollars of merchandise and four thousand dollars of fixtures and equipment for fifteen hundred dollars. An offer is made by the other corporations in the same line of business to compromise their indebtedness of thirty five thousand dollars for thirty five hundred dollars and the offer is accepted. The balance of the accounts receivable are considered practically worthless.

The net result of his operations, summed up, is as follows:

Investment . . . . .	2,000.00
Returns, Salary six years, over	\$46,800.00
Gain on purchases settled at ten	
per cent of their cost	31,500.00
Other liabilities	24,000.00
	<hr/>
	\$102,300.00

An examination of but four hours duration brought out the above facts which would have been apparent at any time, had the creditors felt willing to part with a fee of but twenty five dollars at the most. Among the creditors is a prominent national bank who is constantly advertising its sagacity to the public. This bank is stuck for around nine thousand dollars.

And this is happening every day in every part of the United States. It can be prevented only by accountants, by them only when the business public awake to the fact that the accountant is just as essential in these days of modern business as the attorney, credit man, promoter, and the host of others.

And the only way to educate the business public to these conditions is publicity, which the accountants as a whole heretofore have disapproved. Is it not about time to change our policies?

## "Inventory", Paper Profits and Loss.

In normal times, price variations in commodities are small and of minor importance. Inventories based on cost or market, whichever lower, are almost certain of normal realization in the ordinary course of business. Under such conditions from an accounting standpoint, the employment of inventories at cost or market values, whichever lower, as a factor in determining income, although not absolute, is the most useful factor and is sufficiently accurate to justify its use.

During certain periods, however, abnormal conditions prevail. For example, during 1919, owing to post-war economic influences, Governmental control, etc., prices attained unheard of levels. Market conditions, however, indicated the general trend toward eventual price deflation. Under these circumstances, to base earnings for 1919, on December 31, 1919 cost or market values, would be sure to be more or less inaccurate and inequitable, dependent on the degree of price deflation attained at the time of the actual disposition of these inventories, so valued.

During such abnormal deflation (or inflation), sales drop to practically nil (or exceed production). Inventories so figured at abnormal prices prevailing, are to a large extent sacrificed at a loss; remain unsold, or are sold to purchasers who must eventually pay, if they can, at a loss, with the consequence that heavy taxes (financial commitments) are thereby levied and paid (or made) for such a period on paper profits (or losses), which in the final analysis were never actually received (or taken) by those charged (or credited) therewith.

At the particular time, under the inventory method of determining profit and loss, it is apparent that income for such a period as 1919 would be incorrectly computed if based on inventories taken at values as of December 31, 1919. The effect would be merely of burdening 1920 with losses and 1919 with earnings not actually made.

In this connection, Section 202, of the Revenue Act of 1919 states-

"That for the purpose of ascertaining the gain derived or the loss sustained from the sale or other disposition of property real personal or mixed the basis shall be

(1) in the case of property acquired before March 1, 1918 the fair market price or value of such property as of that date, and

(2) in the case of property acquired on or after that date (1) the cost thereof (2) **the inventory if the inventory is made in accordance with Section 203.**"

Section 203 of the Act declares:

"That whenever in the opinion of the Commissioner the use of inventories is necessary in order to clearly determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the Commissioner with the approval of the Secretary may prescribe as conforming as nearly as may be to the best accounting practice of the trade or business and as most clearly reflecting the income."

Emphasis is placed on the phrase "and most clearly reflecting the income". It is apparent from the previous discussion that for the year 1919, the valuation of inventories at cost or market, whichever lower, under the abnormal and temporary conditions prevailing, should be subject

to such revision of price for such period as subsequent liquidation or stabilization of the market would indicate; else we have a smoke screen of mere paper profits obscuring the clear reflection and true statement of income that the National statute demands for regulations governing the valuation of inventories.

Even assuming the statute to prescribe otherwise, quoting from Supreme Court decision in Lynch (Collector) v. Hornby, 247, U. S. 339, the Court held "the 16th Amendment gave Congress the power to tax income, but the question what is income is not to be determined by legislative enactment, but is inherent in the circumstances involved in the particular case."

Again in Lynch v. Turrish, 247, U. S. 221, it was held that "No tax in contemplation of the law accrues upon something except for the year in which that something—earnings, profits, gains or income accrues." While in the U. S. v Schlessinger 14 Blatch. 71, it was stated "In the absence of any specific provision of the law to the contrary, income must be taken to mean money and not the expectation of receiving it or the right to receive it at a future time."

From the above decisions it is reasonably to be inferred that Congress has the power only to tax such income as accrues to the particular year that realization of values and not cost or market values of inventories govern the determination of income, and that income (positive or negative) applicable to one period shall not be included in another.

In a statement made by former Commissioner of Internal Revenue, Daniel C. Roper, he stated:

"I am glad to see that the new Secretary of the Treasury in a recent statement has recommended that Congress extend the net loss provisions of the 1918 law. Congress appreciated the crudities of the old law when it came to frame the present enactment. In the endeavor to avert the very disaster which is now impending over those business men who are struggling to readjust their affairs from the abnormal war conditions to the conditions of unfettered commercial intercourse, Congress enacted several so-called 'relief provisions'. One of these is Section 204 which provides that in case a taxpayer sustains a net loss in a taxable year beginning after October 1, 1918 and ending prior to January 1, 1920, such net loss may be deducted from the income of the preceding year if necessary, from the income of the succeeding year and that the taxes for that year may be recomputed accordingly. This provision was enacted in the expectation of the period of industrial and financial contraction which is now upon us. Unfortunately this period occurred after the conclusion of the period specified in the law. The result is that there is now no provision to care for the tremendous shrinkages in inventories which have taken place since Jan. 1, 1920.

Every consideration of logic and justice requires that this provision should be made a permanent feature. The striking of a balance sheet of gain or loss every twelve months and the treatment of credit balances thus obtained as net income for the purposes of taxation is a convenient but somewhat arbitrary procedure that has in many instances resulted in serious injustice. Certainly Congress will see the justice of this relief."

Valuation of Inventory is not arbitrarily controlled by "Cost", "Market" and "the lower", but is controlled by any

factor which will most nearly disclose actual profit and loss for any particular period.

NOTE:—The basic matter of this article was furnished to the Editor by Kast and Kast, 291 Broadway, New York City.

## California Organizes State Chapter.

(Stockton Daily Independent)

Lester O. Wisler, popularly known Stockton accountant was elected president of the California chapter of the National Association of Certified Public Accountants at an organization meeting in the Commercial Club rooms, San Francisco, Wednesday evening. Members of the national association from various parts of the state were present at the meeting and the contest for the honor of being the first president of the body was spirited, the Stocktonian winning by one vote.

Among the cities honored in the selection of the executive board, beside Stockton, are San Francisco, Los Angeles and San Jose. Officers include Philip C. Sheehy, vice-president, of San Jose; H. R. Hewelcke, secretary, of San Francisco; Robert M. Crawford, chairman of the advisory board, of Los Angeles.

### 2700 Members in U. S.

Over 2700 members are enrolled in the national body, which is the strongest of its kind in the world, during the last year having gained this distinction over the Chartered Accountants of England.

Among the national officers are J. R. Hutchinson, L. L. B., C. P. A., president; C. P. Timmons, C. P. A., secretary; and Elmer Long, A. B., C. P. A., treasurer, of Berkeley. The national headquarters are located at Washington.

## Special Information Bureau.

A special information Bureau is being established in connection with the Association headquarters for the use of members, in obtaining special information relative to accounting work or accounting procedure, or other information that can be secured at first hand from the Departments in Washington. If interested, get in touch with the Office at Washington, D. C.

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APPLY FOR ADVERTISING RATES IN  
C. P. A. BULLETIN

# Fifth Victory For National Association Supreme Court (N. Y.) Sustains Right of Newspaper to Advertise C. P. A., N. A. Case Won By Jewish Morning Journal

In a case brought by a New York State Certified Public Accountant against the Jewish Morning Journal of New York City for publishing a certain advertisement of Public Accountants styling themselves as certified when not having been certified under the New York Statute, Justice Lehmann of the Supreme Court has recently handed down a decision which fails to support the contentions of the complainant.

It is understood that the principles involved were along the lines of those raised in the case against the National Association before the Illinois Supreme Court, printed in the last issue of the Bulletin, which was also decided in favor of the National Association.

Those who are bringing these cases up for trial are supposed to be familiar with commercial law, but cannot seem to conceive the fact that everyone has a right to have or to give credentials and testimonials in an unlicensed business.

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Continued from Page 1.

DESIGNATION

## Certified Public Accountants ALLOWED BY NEW YORK COURT To Full Members of National Association

**Mr. Wilson:** Yes. Now we have this terse language of the Court of Special Sessions: "It cannot be contended that the state arbitrarily forbids the use of the words Certified Public Accountant or C. P. A." I must bow to that ruling. On the letterhead we find in one corner L. J. Botwin, N. A., C. P. A. but in the middle of the letterhead we find Botwin & Botwin, Certified Public Accountants. I submit that is a violation of the General Business Law.

**The Court:** But he has not used it in the left-hand corner of the letterhead.

**Mr. Wilson:** In the left-hand corner, but here, in rather bold print, Certified Public Accountants.

**Mr. Farley:** (Attorney for Defendants) This is in the letterhead of Botwin & Botwin, and underneath those words appear "Certified Public Accountants and Industrial Engineers." The natural inquiry is, Who are Botwin & Botwin? So we look up in the left-hand corner of the paper and we find the names of L. J. Botwin and N. J. Botwin, and under each of these names we find the initials N. A. C. P. A.

**The Court:** That is a firm name, Botwin & Botwin?

**Mr. Farley:** Yes.

**The Court:** And then over in the corner it qualifies these people as **members** of N. A. C. P. A.

**The Complainant:** May I call your Honor's attention to the fact that in the Brown case, which is the basis of their claim here, Mr. Brown was convicted because in the middle of the letterhead he had "Certified Public Accountant." He was convicted on this other count and was acquitted on one count.

**Mr. Wilson:** I think we are bound by the opinion of the Court of Special Sessions.

**The Court:** Yes, I am bound by that. Dismissed.