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The C. P. A. Bulletin

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Vol. 4, No. 5

The National Association of Certified Public Accountants
945 Pennsylvania Ave., Washington, D. C.

May 1, 1925



NATIONAL ACCOUNTANT

Member

National Association of Certified Public Accountants

The National Organization of Certified Public Accountants

CALIFORNIA SENATE BILL NO. 813

AN ACT TO REPEAL AN ACT ENTITLED "AN ACT TO CREATE A STATE, BOARD OF ACCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION OF AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT; AND TO PROVIDE THE GRADE OF PENALTY FOR VIOLATIONS OF THE PROVISIONS HEREOF" APPROVED MARCH 23, 1901, AS AMENDED.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. AN ACT ENTITLED "AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION OF AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT; AND TO PROVIDE THE GRADE OF PENALTY FOR VIOLATIONS OF THE PROVISIONS HEREOF" APPROVED MARCH 23, 1901, AS AMENDED, IS HEREBY REPEALED.

THE C. P. A. BULLETIN

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National Association of Certified Public Accountants.
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945 Pennsylvania Avenue,
Washington, D. C.

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BOARD OF GOVERNORS AND OFFICERS

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DIRECTOR, WM. M. WILLIAMS, of New Jersey.
DIRECTOR, J. R. HUTCHISON, of Iowa.

EDITORIAL

By E. Long

The annual meeting of the National Organization of Certified Public Accountants will be held in Washington, D. C. on Monday, June 1st in Rooms 43 and 44 of the Franklin National Bank Building, 945 Pennsylvania Avenue, Northwest. The principal feature of this call is to bring together all professional accountants and to work out plans for and make recommendations whereby the various accounting societies and associations may become affiliated with the National. Believing as we do that it is better to hold and maintain one National Organization of Accountants than to have two or more.

The legal (attorneys) profession has its state bar association which makes up the American Bar Association, thus giving us an illustration of a single national organization. In the medical (M. D.) profession there are two or more recognized national organizations; The American Medical Association, The American College of Physicians and other lesser associations all striving for a given point, sometimes in harmony and sometimes not so harmoniously, however, each association drawing its members from the local states organization.

In 1921 when the professional accountants met and incorporated the National Association of Certified Public Accountants and designated it as the National Organization of Certified Public Accountants, it did not provide ways and means for admission to membership, members of other accounting societies or associations.

Following the plan of the American Bar Association the officers of the National Association of Certified Public Accountants believe that there should be in accountancy only one national organization and the membership should come through the local state organizations. Now

as there is much strife existing between the several state organizations and other accounting societies, the big question is as a National Organization, which accounting societies or accountant's organizations shall be eligible for admission to membership in the National without first taking the National's examination. In other words, what associations or societies, whose membership is made up of professional accountants, shall be accepted without further examination, to admission as members of the National.

Local state accounting societies, institutes or associations are now established in each individual state in the Union. The purpose of this meeting is to work out an equitable plan whereby the local organizations can co-operate with the National and whereby an agreement may be perfected as to a uniform state accountancy law, perfecting the reciprocity act, and other rules and regulations governing professional accountancy.

STATE C. P. A. LEGISLATION

Out of the 48 states and provinces of the Union, 43 legislatures were this year or are now in session. Out of these 43 legislatures, some 25 had enacted new legislation affecting the C. P. A. law now in force or the enactment of a new accountancy law before it for consideration. Some of the proposed bills were submitted to the National for approval before presentation to the legislatures. When a bill is proposed for enactment and submitted to the legislative committee, no one can tell the various changes that will be made before the bill becomes a law. Many of the proposed bills failed to get the approval of the legislative committee, therefore failed to come up for a vote. The legislature in New York, Oregon, Indiana, Idaho, New Mexico, Nebraska and many other states failed to enact its bills.

PROPOSED N. Y. C. P. A. LOST.

Three separate bills were present-

ed to the New York State Legislature, the contest drifted down to and was centered on the Phelps bill which appeared to have the right of way. In section 80-h "Issue of certificates under special provisions", this joker was discovered. The regents MAY, in their discretion*** without examination*** issue the certificate of certified public accountant, etc". Had the promoters of this bill used the word SHALL instead of MAY the bill probably would have become a law.

NORTH DAKOTA C. P. A. LAW.

The new North Dakota C. P. A. law follows the old form of stereotyped C. P. A. laws except in section six paragraph two which reads "If five or more persons apply for examinations, the Board shall hold an examination for such applicants. Examinations may be both oral and written, at the discretion of the Board". and section 10 "The Board shall have the power to revoke any certificate then in force. (a) If the holder thereof shall have been convicted of a felony; (b) If he shall be found guilty of conduct involving moral turpitude; (c) For fraud or misrepresentation in application for certificate or in the examination thereof; (d) For failure on the part of the applicant, who at the time of issue of certificate is not a citizen of the United States, to qualify in accordance with the provisions of section 8 of this act", and section 14 (a) (taken from the National Code) "Any Certified Public Accountant who shall be found guilty of falsifying a report, statement, investigation or audit shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than one hundred or more than five hundred dollars, or by imprisonment, for a period of not exceeding six months, or by both such fine and imprisonment, in the discretion of the court.

TENNESSEE C. P. A. LAW.

The new Tennessee C. P. A. laws follow the National Code very closely and so far as the Act goes in Tennessee it will help to make accountancy a profession in that State. The Act creates a Board consisting of seven members. No Board member shall be eligible for reappointment within three years next following the expiration of his term. All examinations shall be conducted by the State Board, the questions shall be submitted to the entire Board and the test shall be reasonable and susceptible of answer or solution in the time allowed. All examination papers shall be preserved for a period of ninety days. Any applicant shall, upon written request of the Board, have access to his papers and a statement of the reasons for the grade given.

"The Board SHALL waive the examination of any person possessing the qualifications stated in section two of this act who***has, for at

ANNUAL MEETING

NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

**NOTICE OF
ANNUAL MEETING
of the
NATIONAL ASSOCIATION
OF CERTIFIED PUBLIC
ACCOUNTANTS.**

Pursuant to article 4, paragraph 3 of the by-laws, of the National Association of Certified Public Accountants, notice is hereby given of the annual meeting to be held at the office of the Association, Room 43 Franklin National Bank Building, 945 Pennsylvania Avenue, Northwest, Washington, D. C., on Monday, June 1, 1925, at eleven o'clock A. M. at which the regular order of business will be taken up, namely: (1) Calling of roll (2) Proof of due notice of meeting (3) Reading and disposal of any unapproved minutes (4) Annual report of officers and committees (5) Election of Governors (6) Unfinished business (7) New business (8) Adjournment (9) Banquet.

E. Long, President.
C. P. Timmons, Secretary.

Dear Member:

We hope you will be present at the annual meeting of the members. If you cannot attend kindly fill in the attached proxy in favor of a member of the Board of Governors or some member who will be present, then mail it to this office.

Only members in good standing are eligible to vote. Your 1925 identification card places you in good standing and entitles you to a vote.

The annual dues for 1925 are \$10.00. If you have not as yet paid your dues for 1925 do so now. Make check or remittances payable to Wm. A. Owen, Treasurer.

We will be looking for you on June first.

Yours very truly,

E. Long, President.

* * * PROXY * * *

Fourth Annual Meeting Of Members

Know all Men These Presents, that I, the undersigned, a member of the National Association of Certified Public Accountants of Washington, D. C., hereby revoking all former proxies given by me in relation to the meeting described herein, do hereby constitute and appoint

my true and lawful representative, to represent me at the fourth annual meeting of the association, to be held on the 1st day of June, 1925, and at any meeting postponed or adjourned therefrom, hereby granting my said representative full authority to act for me at said meeting, and in my name, place and stead to vote thereat upon any and all business pertaining to the affairs of the Association that may be brought before said meeting, all as fully as I might or could do if personally present, and I hereby ratify and confirm all that my said representative or his substitute, shall lawfully do at such meeting in my name, place and stead.

IN WITNESS WHEREOF, I have hereto affixed my signature this _____ day of May, 1925.

Signature _____

Address _____

WITNESS

least five years next preceeding the date of his application, been practicing as a public accountant, either maintaining an office, or serving as an accountant upon the staff of a reputable practicing public accountant, four years of said five years service to have been as a senior accountant, the last twelve months of which practice shall have been in this State, and who shall apply in writing to the Board within three months after April 1st, 1925. All persons qualifying under clauses one, two and three of this section SHALL receive certificates as Certified Public Accountants."

A senior accountant is defined as one who is regularly placed in charge of accounting engagements. Section 4-b takes care of the accountant who does not qualify for a C. P. A. certificate and permits him to practice as a public accountant. The Act provided for a penalty; for fraud, felony, incompetency or any act discreditable to the profession. The bill proposed by the old Board S. B. No. 290 H. B. No. 281 was defeated.

NORTH CAROLINA C. P. A. LAW.

The new North Carolina C. P. A. law follows the old law very closely adding several new features, one being that an accountant who has served two years or more as a Civil Service Employee of the Federal Government in the capacity of senior field auditor may practice as a public accountant in the state. Another being that of following the the Canadian designation in changing the designation of (P. A.) Public Accountant to that of (L. A. Licensed Accountant.

The law further provides that any person, firm, co-partnership, association or corporation who shall at the time of the passage of this act be engaged in the practice of public accounting and maintaining an office as a public accountant in the state of North Carolina, may, within six months after the passage of this act, apply to the Board for registration as a public accountant***Such registration shall be conclusive evidence of the right of such person, firm, co-partnership, association or corporation to engage in the practice of public accounting. The law states how the Board shall be appointed and prescribes their powers and duties. Under Section 11 sub-section 12. The law states the Board shall submit to the Commissioner of Revenue the names of all persons who have qualified under this act as practitioners of public accountancy and who have complied with the rules of the Board. The Commissioner of Revenue shall issue only to those whose names are so submitted to him by the Board, a license for the privilege of practicing the profession of public accountancy and licenses so issued shall be evidence of his registration with the Board.

MELVILLE D. THOMAS, C.P.A.

Accountant and Auditor

Audits Investigations Systems

Federal and State Tax Returns

303-7 Perkin Bldg. 945 Pennsylvania Ave.
Allentown, Pa. Washington, D. C.

Bonded Member, National Association of Certified Public Accountants

Albany, N. Y. Washington, D. C.

JOHN C. DARROW, LL.B.

Accountant and Tax Advisor

75 Second Street, Newburgh, N. Y.

Admitted to practice before the
Treasury Department

Kingston, N. Y., Middletown, N. Y., New York City.

By Appointment

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PROPOSED ILL. C. P. A. AMENDMENT.

The proposed amendment to the Illinois C. P. A. law provides that the University of Illinois shall determine the qualification of those applying for certificates and shall make rules and regulations for the Board of Examiners. Section six provides that, nothing contained in this act shall operate to prevent a certified public accountant who is a lawful holder of a certificate issued in compliance with the laws of another state, territory, or the District of Columbia, from practicing as such within this state, and styling himself a certified public accountant, upon complying with the provisions of this section. Such persons shall in the use of the title of certified public accountant, indicate in all cases the state or territory by which such certificates were granted, and shall in addition register annually with the University of Illinois.

PROPOSED PENNA. C. P. A. AMENDMENTS.

In the state of Pennsylvania there were offered two proposed amendments to the C. P. A. law. No. 524 provides for an audit of any school district of the second class. Where the annual expenditures exclusive of moneys received from the sale of bonds shall exceed the sum of five hundred thousand dollars, such district may employ a certified public accountant within sixty days from the close of the fiscal year***The compensation of any certified public accountant employed by any school district of the second class shall be fixed by the directors of such district and paid by the district. Amendment No. 1600 requires accountants holding the C. P. A. degree from other states to register and add the state designation indicating the state or territory in which his certificate originated. The provision reads as follows: "Provided further That any certified public accountant who has been duly certified by the State Board of Accountancy of any state or territory of the United States and who has held his certificate for two years or more and has since become a citizen and boni-fide resident of the State of Pennsylvania may practice and hold himself out to the public of this state as a certified public accountant or C. P. A. providing that in all printed or written matter issued by him under the heading of certified public accountant or C. P. A. he at the same time indicates the state or territory of the United States of America in which his certificate originated.

PROPOSED MICH. C. P. A. BILL.

Of all the proposed bills that have been introduced into the various legislatures the bill proposed by the Michigan State Board and known as Senate Bill No. 233 File No. 231 introduced by Senator Condon is perhaps the most lengthy and carrying more conditions and exception clauses than any other proposed bill introduced. A close study of this proposed bill places accountancy of the State of Michigan in the hands of a C. P. A. Board of Four members. The bill provides that the Board may form a code of ethics and make rules governing professional conduct and define unethical practice for accountants. All accountants shall be under the direct supervision of the C. P. A. Board and a violation of the code of ethics, may be cause for the revocation, at the will of the Board, the accountants certificate.

The bill further provides that nothing contained in this act shall imply that a practicing attorney, who, is connected with his own professional work, but prepares reports and presents records of a form of character usually prepared and presented by accountants has by so doing become a public accountant within the meaning of the act.

Members of the profession who are interested in accountancy in the state of Michigan would do well to get a copy of this bill and read it carefully.

PROPOSED CALIF. C. P. A. LAW.

A third bill has recently been introduced in the state legislature of California for the purpose of canceling the C. P. A. law. We are well aware of the fact that accountancy in the state of California under the control of the present Board, with Wm. Dolge alias Wm. Duarfy as its Secretary, and with a private corporation usurping the powers granted to the Board by the legislature, that accountants throughout the state have risen en masse and have asked for the repeal of the C. P. A. law and the discontinuation of the C. P. A. Board. California accountants have come to the realization that this is the only practical way to stop the nefarious acts of the State Board.

NATIONAL BILL.

In this issue of the Bulletin there is a re-print of Tennessee's new C. P. A. law. The new C. P. A. laws passed in Tennessee, North Dakota, North Carolina and some of the other states differ very materially. Of the many amendments proposed in the various states no two are identically the same and should the bills be enacted into laws, the accountant who goes from one state to another in pursuit of his profession would be as much at sea as he was prior to meetings of the

state legislature. The National believes there should be a uniform C. P. A. law and that this law should be enacted by Congress with the examinations placed under the supervision of the Civil Service Commission.

The examinations now held in some states and conducted by a private corporation endeavoring to usurp the powers of the Board of Examiners of the individual states cannot create and control the professional accountants nor create a uniform law. Each State Board should conduct its own examinations. There should be a penalty clause in the C. P. A. law requiring all accountants to qualify under a surety bond for the protection of the client and the financial public. A news item in the New York-American of recent date, assures law violators that they may continue their violations of the law with immunity as far as the Income Tax Department is concerned. This appears as bidding rather high for the few dollars they will get in the way of taxes from criminal classes. Most states have in their criminal code, a law relative to "Accessories after the Fact". We wonder how this law would work if applied to Federal Officers who conceal violations of State Laws?

From the Item on page 7 we note that some of the tax fixers are not faring so well. It is to be hoped that these jugglers will be brought to a speedy trial and that justice will be meted out accordingly.

FARMER'S TAX BURDEN

MORE THAN CITY MAN'S

The farmer pays proportionately more tax on his annual earnings than his city cousin, Department of Agriculture economists have found.

They studied three Indiana counties—Tipton, Monroe and Miami. Rented farms were found to yield, before deduction of taxes, 3.8 per cent a year on their capital value. Rented city real estate yielded 4.6 per cent, while bank property returned 8 per cent. If a uniform 2 per cent tax were levied on the three classes of property, it was pointed out, it would absorb 25 per cent of the bank incomes, 42.6 per cent of the city rents and 52.6 per cent of the farm rents.

T E N N E S S E E

C. P. A. LAW.

AN ACT TO ESTABLISH A BOARD OF ACCOUNTANCY AND TO PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE GRANTING AND REVOKING OF CERTIFICATES TO ACCOUNTANTS WHO QUALIFY UNDER THE PROVISIONS OF THIS ACT; THE REGISTRATION AND LICENSING OF PUBLIC ACCOUNTANTS IN PRACTICE; AND TO PROVIDE PENALTIES FOR VIOLATION OF THIS ACT.

Section 1. Be it enacted by the General Assembly of the state of Tennessee that there is hereby established a State Board of Accountancy to consist of seven members to be appointed by the Governor, within sixty days after the passage of this act, as follows:

Two Public Accountants from West Tennessee for terms of one and two years respectively; two public accountants from middle Tennessee; for terms of two and three years respectively; two public accountants from East Tennessee for terms of one and three years respectively; and a reputable practicing attorney, who is not also a public accountant, to be appointed from the state at large for a term of three years.

All members of the Board shall be citizens and residents of this State and each accountant who is appointed shall have been actively engaged in practice, either on his own account or as a senior accountant upon the staff of a reputable practicing accountant for at least five years next preceeding his appointment. The attorney serving on the Board shall be qualified to practice before the highest courts in this State.

Upon the expiration of each of the terms afore mentioned a successor shall be appointed by the Governor in the same manner except that all succeeding appointments after the first shall be for a term of three years in each and every instance. No member shall be eligible for re-appointment on the Board within three years next following the expiration of his term. Any vacancies that may occur from any cause shall be filled by appointment by the Governor, for the unexpired term, in the same manner as the regular appointments.

Section 2. Be it further enacted, That any citizen of the United States (or person who has duly declared his intention of becoming such citizen), being over the age of twenty one years and of good moral character, residing or having an office in the State of Tennessee, who shall, as hereinafter provided receive from the Tennessee State Board of Accountancy, herein called the Board, a certificate to practice as a certified public accountant shall be known and styled as a certified public accountant, but no other person, nor

any corporation, nor any partnership, shall assume such title, or any other words, letters or abbreviations tending to indicate that the person, firm or corporation so using the same is a certified public accountant.

Section 3. Be it further enacted, That examinations of persons applying for certificates under this act shall be held in Nashville, or elsewhere within the State as the Board may elect, at least twice each year or oftener, at the discretion of the Board. The subjects in which applicants shall be examined are: (1) Theory of accounts; (2) practical accounting; (3) auditing, and (4) commercial law, as affecting accountancy.

No person shall be permitted to take such examination unless he shall have been practicing continuously on his own account as a Public Accountant for at least one year; or shall have been continuously employed in the office of a Public Accountant as an assistant for at least two years; or shall have been continuously employed as chief or head book-keeper for at least three years; or shall present an academic diploma or other equally satisfactory evidence in such a manner as required by the Board, proving that he has successfully completed a course of studies and instructions in any State or County which is the equivalent to the requirements for graduating from the highest grade of High Schools in the State.

All examinations herein provided for shall be conducted by the State Board of Accountancy, or by a majority thereof. The time and place for holding examinations shall be duly advertised for not less than three consecutive days in at least one daily news paper published in each of the four most popular cities of the State not less than thirty days prior to the date of each examination.

The Board may make all needful rules and regulations, regarding the scope of the examinations, the method and time of filing applications for examination, and all other rules and regulations necessary to carry into effect the purposes of this act.

The questions propounded at said examinations shall be submitted to the entire Board before being adopted, and shall be certified by the said Board as a reasonable and fair test of the candidate's qualifications, and as reasonably susceptible of answer or solution in the time allowed. Each subject shall be marked separately, and every applicant shall be required to obtain a mark of seventy-five (75) per cent, in each subject upon which he is examined.

All examination papers shall be preserved for a period of ninety days after each applicant shall have been notified as to his gradings and any applicant shall, upon written request to the Board, have access

to his papers and a statement of the reasons for the grading given.

Section 4. (a) Be it further enacted. That the Board shall waive the examination of any person possessing the qualifications stated in Section 2 of this Act who (1) is the holder of a C. P. A. Certificate issued under the laws of another State which extends similar privileges to certified public accountants of this State; provided, the requirements of said certificate in the said State are, in the opinion of the Board, equivalent to the requirements in this State; (2) is the holder of a certificate of Certified Public Accountant, or Chartered Accountant, or the equivalent thereof, issued under the laws of any foreign government; provided, the requirements for said certificates are, in the opinion of the Board, equivalent to the requirements of this State; (3) has at least five years next preceeding the date of his application, been practicing as a public accountant, either maintaining an office, or serving as an accountant upon the staff of a reputable practicing public accountant four years of said five years service to have been as a senior accountant, the last twelve months of which practice shall have been in this State, and who shall apply in writing to the Board within three months after April 1st, 1925. All persons qualifying under clauses one, two and three of this Section shall receive certificates as Certified Public Accountants, Provided that nothing herein contained shall be construed as invalidating any certificate issued under prior laws in this State.

For the purpose of this Act a senior accountant is defined as one who is regularly placed in charge of accounting engagements. (B) The Board shall issue to all accountants of good moral character, who were engaged in public practice on January first 1925, and who do not qualify under the provisions of subdivision (A) of this section, a certificate of authority to practice as a public accountant. This certificate of authority shall not confer any added title and the holder shall be known and styled as a public accountant. Applications must be made for this certificate of authority before January first 1926.

Section 5. Be it further enacted, That the Board may revoke any certificate issued under this act if the holder thereof (1) shall be convicted of a felony, or (2) shall be declared by any court of competent jurisdiction to have committed any fraud, or (3) shall be declared by any court or commission to be insane or otherwise incompetent, or (4) shall be held by the Board to be guilty of any act or default discreditable to the profession, or (5) in case the certificate shall have been issued to the holder thereof on account of his holding a C. P. A. or C. A. certificate from another State or county which has, after the issue

of this certificate from this Board in any way depreciated the standard or equivalent of its privileges or requirements in accordance with the provisions of this act; provided, that written notice of the cause of such contemplated action and the date of the hearing thereon by the Board shall have been mailed to the holder of such certificate at his last known address at least thirty days prior to such hearing. At all such hearings the Attorney-General of this State, or one of his assistants designated by him, may sit with the Board as legal counselor and advisor of the Board, and to prepare for any legal action that may be determined upon by the members of the Board.

Section 6. Be it further enacted. That a uniform fee of twenty-five (25.00) dollars shall be charged by the Board for each examination or certificate, or both, same to be paid in advance and to accompany the application.

In case of the failure on the part of any applicant to attend the examination at the date specified by the Board, or to pass a satisfactory examination, said applicant may appear at the next examination by said Board, for re-examination upon the payment of the further sum of (\$10.00) dollars.

From the fees collected under this act the Board shall pay all expenses incident to the examinations, the expense of issuing certificates, the traveling expenses of the members of the Board and their compensation and their maintenance expenses when performing their duties under this Act; **provided that no expense incurred under this Act shall be a charge against the funds of this State.** Any surplus of receipts over expenses in excess of the sum of five hundred (\$500.00) dollars shall at the end of each calendar year, be deposited by the Treasurer of the Board with the State Treasurer to the credit of the State School Fund. The members of this Board shall be paid an amount not exceeding fifteen (\$15.00) dollars per day to each member for the time actually spent, and also all necessary traveling and maintenance expenses incurred in the performance of his duties under this Act.

The Board shall report annually to the Governor the number of certificates issued and the amount of receipts and disbursements under this Act.

Section 7. Be it further enacted. That the Board shall in December of each year require every certified public accountant and every public accountant who holds a certificate of authority, to register with the Board and pay a license fee of five (\$5.00) dollars for the privilege of practicing public accounting in this State for the calendar year next following. This license shall be issued only to certified public accountants and public accountants qualifying un-

der this or prior Acts in this State.

If any person, firm or corporation shall, after January first 1926, undertake to practice public accounting in this State without first having registered with the Board and received a license to practice, or if any person, firm or corporation represents himself or itself to the public as having received a certificate as provided for in this Act, or falsely holds himself out as having qualified and having a certificate, without actually having said certificate from the State Board of Accountancy, or if, having received such a certificate he shall continue to practice accountancy after said certificate has been revoked, or if any person shall otherwise violate any of the provisions of the Act, he shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined not less than one hundred (\$100.00) dollars nor more than five hundred (\$500.00) dollars, or imprisonment for not less than one month nor more than six months, or both, in the discretion of the Court.

For the purpose of this Section a person engages in the practice of public accounting when he performs accounting work as distinguished from book-keeping on a fee basis, per diem or otherwise, for more than one employer. In passing upon this question the Board will consider specific acts as well as general business conduct.

Nothing contained herein shall be considered as prohibiting accountants of other states from entering this state in pursuance of any engagement originating from without this State, provided that such accountant registers with the Board, giving all facts relevant to such engagement and limits his practice to the subjects covered in the declaration filed.

Section 8. Be it further enacted. That certified public accountants and public accountants practicing in this State shall not be required to divulge, nor shall they voluntarily divulge any information which they may have received by reason of the confidential nature of their employment.

The information derived from or as the result of such professional service shall be deemed confidential provided, however, that nothing in this paragraph shall be taken or construed as modifying, changing or affecting the criminal or bankruptcy laws of this State or of the United States.

Section 9. Be it further enacted. That nothing herein contained shall be construed so as to prevent any person from being employed by a public accountant or by a certified public accountant within this State provided such employed person does not sign reports nor assume any responsibility for the conduct of his employer's business.

Section 10. Be it further enacted. That all Acts or parts of acts in conflict with the provisions of this Act are hereby repealed. If any provision of this Act is declared, by a court of competent jurisdiction, to be unconstitutional, such decision shall not be construed as invalidating the entire Act, but only of the Section upon which such decision is based.

Section 11. Be it further enacted. That this Act shall take effect from and after its passage, the public welfare requiring it.

BUSINESS VALUE OF ACCOUNTING IS DISCUSSED BY HEAD OF FIRM.

Accounting Is the Assembling of Business in Such a Form That Comparison May Be Made, and Errors and Waste Be Detected, Says S. L. Walker in Interview.

Col. S. L. Walker of the National Audit Company, gives an interview on auditing and accounting and its relation and necessity to the modern business concern.

"Accounting is the assembling of the records of the business in such a form that comparison may be made and errors and waste be detected," says Colonel Walker. "It will show the true conditions of profits and, by study, permit the business man to devise ways and means for greater profits.

"It will not act as the motive power of a business nor will it supply a deficiency in ordinary business acumen. Accounts are the gage, and not the motor of business. An exact record of deeds will not substitute for the deeds any more than will a good intention substitute for an accomplished act. Accounts are useful only as they are a record of business, and used thus will permit intelligent progress to be made upon a foundation of facts. They will check errors, but they will not automatically promote business. They will, however, enable any concern to know its financial strength and permit it to build on a sure ground for profit.

"The progress of a business without true accounts as compared with one which has true accounts is as a man groping in the dark, as compared to the man walking in the sunlight.

"At the close of the fiscal period comes the statement, which when compiled from accurate accounts shows the financial condition of the business. Such a statement is essential to every business. During part of the year many items of profit and loss must, of necessity, remain more or less undefined, the statement of condition drives away all doubt and shows the business in its actual condition, so that it may be studied with precision. It is the starting point of almost every bus-

iness extension, for every important business step, it is essential in every new financial move to be made, and it should always be in view, and it is the character certificate of the business.

"As the proceedings to obtain a statement may demand a trained accountant, the small business does not often check up, and possibly that may be the reason why the small venture so often fails. Regardless of size every business should pause at stated intervals and take account of itself—pull in the loose ends and see how things size up. The task is simple or complex according to the nature and the size of the concern but it will never be a job of appalling magnitude unless proper accounting has been neglected, and neglect has ruined many a business.

SEVEN ARE HELD ON GRAFT CHARGE

Deputy Collectors of Revenue Indicted For Alleged Extortion of Bribes.

NEW YORK.—Federal grand jury indictments were returned against seven deputy collectors of internal revenue on charges that they extorted "hush" money from business men of West Chester and Bronx counties.

The specific charges was that the deputies solicited and accepted bribes from citizens under threat of obtaining against their firm's income tax assessments, fines and criminal prosecution.

The indictments named Charles H. Green, Albert O. Neilson, William Snowden, Saul C. Steinthal, Henry Mayer, David Benjamin and Charles Tremonti.

Green, previously indicted with Mathew J. Cannon, another deputy collector of the district, pleaded guilty and awaits sentence. He was arraigned with Neilson on today's indictment and both were held in \$2,000 bail for trial. The others will be arraigned tomorrow.

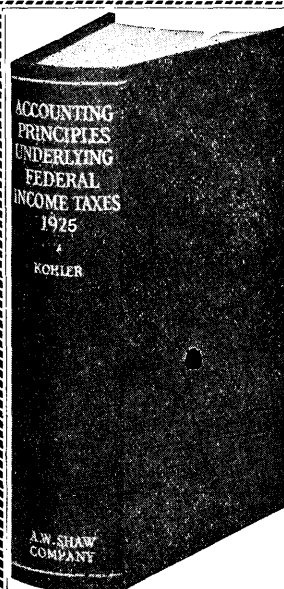
Two months of investigation, during which Assistant United States District Attorney Millard examined 50 complainants, brought forth the seven indictments. Prosecutors said the amount of "hush" money per victim ran from \$50 to \$2,000.

PROBE IS CONTINUED.

Three More Arrested Yesterday in Investigation of Revenue Bureau.

The intelligence unit, Internal Revenue Bureau, headed by Elmer L. Irey, continues to make progress in its campaign against persons suspected of income tax irregularities of various kinds.

Three men were arrested in two new cases yesterday and two more men in a previous case, who had been arrested in New Haven, arrived in Washington. All were released on bond. Two of them, employes of the Internal Revenue Bureau, were suspended.



"Accounting Principles Underlying Federal Income Taxes, 1925"

By E. L. KOHLER, M. A., C. P. A.,
of Kohler, Pettengill and Company, Professor of Accounting, Northwestern University School of Commerce.

Many important changes were made in the income tax law during 1924. Those changes are of vital importance to every business man, accountant, lawyer and student of income tax. The use of March 1, 1913, values of assets has again been changed. There is a new penalty for evasion of taxes by incorporation, as well as a new rate of tax applicable to individuals. The list of deductible contributions has been enlarged. The 1925 edition of "Accounting Principles Underlying Federal Income Taxes" covers all these changes. It shows the effects of capital net losses on the individual taxpayer. It explains the necessity for inclusion in the return of income from tax-free securities. The publicity of income tax returns is discussed. The proper steps in filing an appeal are carefully listed. These are only a few of the many new points covered in this new edition. 550 pages, including 1925 forms.

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Maurice F. Vernon, an auditor in the income tax unit, of 1728 Twenty-first street, northwest, was the local man taken into custody yesterday, while shortly thereafter Ellis A. Laskey, head of a Brooklyn firm of public accountants, was arrested in New York. Both were charged with conspiring "to defraud the Government in connection with the income tax case of Houlder, Weir & Boyd," a ship brokerage firm in New York City. The allegations are, according to a statement by the Internal Revenue Bureau, "that Vernon and Laskey, by means of the presentation of a brief containing false statements and a balance sheet containing false information, intended to have the corporation classed as a personal service corporation, which would have resulted in the elimination of a tax of approximately \$140,000." The taxpayers reported to the Commissioner of Internal Revenue the proposal made, and cooperated fully with the agents of the Intelligence unit in the investigation. Vernon was suspended.

Held Under Bond.

Laskey was held in \$2,500 bail for a hearing, April 15, while Vernon, when arraigned before United States Commissioner Turnage here yesterday afternoon, was held in \$2,000 bond for a hearing April 16.

Benedict Rabinowitz of Bridgeport, Conn. an internal revenue agent, was arrested on a charge of accepting a bribe in connection with the tax case of the Naugatuck Lumber Co., of Naugatuck, Conn. He contended that he had accepted money only for a Hebrew fund. Rabinowitz has been suspended as a revenue agent.

James J. Clifford and John F. McCarran, former employes of the Bureau of Internal Revenue, who were recently arrested in New Haven, were brought here yesterday and released

on \$3,000 bond by the District Supreme Court. They were charged in connection with Frederick Sutherland, an auditor in the income tax unit here, of "an attempt to defraud the New York, New Haven and Hartford Railroad Co. of a large sum of money by means of representing to the company that the Government was about to assess taxes of more than a million dollars against subsidiary railroads, and that the defendants could have this tax reduced." Washington Star, April 1,

NOTICE OF ANNUAL MEETING of the NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS.

Pursuant to article 4, paragraph 3 of the by-laws, of the National Association of Certified Public Accountants, notice is hereby given of the annual meeting to be held at the office of the Association, Room 43 Franklin National Bank Building, 945 Pennsylvania Avenue, Northwest, Washington, D. C., on Monday, June 1, 1925, at eleven o'clock A. M. at which the regular order of business will be taken up, namely: (1) Calling of roll (2) Proof of due notice of meeting (3) Reading and disposal of any unapproved minutes (4) Annual report of officers and committees (5) Election of Governors (6) Unfinished business (7) New business (8) Adjournment (9) Banquet.

E. Long, President.
C. P. Timmons, Secretary.

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* * * PROXY * * *

Fourth Annual Meeting Of Members

Know all Men These Presents, that I, the undersigned, a member of the National Association of Certified Public Accountants of Washington, D. C., hereby revoking all former proxies given by me in relation to the meeting described herein, do hereby constitute and appoint

my true and lawful representative, to represent me at the fourth annual meeting of the association, to be held on the 1st day of June, 1925, and at any meeting postponed or adjourned therefrom, hereby granting my said representative full authority to act for me at said meeting, and in my name, place and stead to vote thereat upon any and all business pertaining to the affairs of the Association that may be brought before said meeting, all as fully as I might or could do if personally present, and I hereby ratify and confirm all that my said representative or his substitute, shall lawfully do at such meeting in my name, place and stead.

IN WITNESS WHEREOF, I have hereto affixed my signature this-----
 day of May, 1925.

Signature -----

Address -----

WITNESS

JOHN O. BERKLEY, Member
 NATIONAL ASSOCIATION OF
 CERTIFIED PUBLIC
 ACCOUNTANTS

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A few of the many professional accountants who have recently visited National Headquarters.

- C. L. Smith, Charlotte, N. C.
- B. E. Baker, Atlanta, Ga.
- Chas. B. Sippel, Chicago, Ill.
- Louis F. Knauer, Mendota, Ill.
- Eugene J. Rudman, New York City
- Bert F. Jones, Memphis, Tenn.
- Ernest Kritter, New York City
- George B. Lang, Joplin, Mo.
- C. J. Gump, Baltimore, Md.

As we go to press the following new C. P. A. laws have been passed, approved and signed by the Governor.

- North Dakota, March 7th.
- North Carolina, March 10th.
- Tennessee, March, 26th.

California Senate bill no. 813 was defeated in the Senate by a vote of 17 for and 18 against the bill.

Many state legislatures are still in session, but indications are that no radical changes will be made in the accountancy laws.