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National Association of Certified Public Accountants

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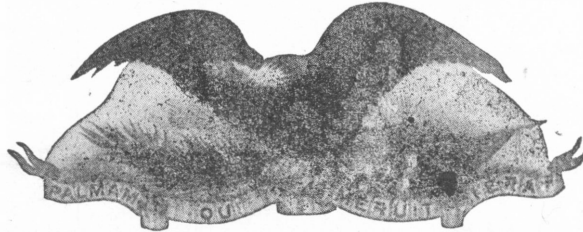
The C. P. A. Bulletin

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Vol. 5, No. 3

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

March 1, 1926



Bonded Public Accountant

MEMBER

National Association of Certified Public Accountants

THE NEW INCOME TAX LAW

Conferees Agree on Taxes. Report Expected to Pass Both Houses and Reach President Before March 1

AS WE GO TO PRESS, THE CONFERENCE COMMITTEE REPRESENTING THE SENATE AND HOUSE RECONCILED THEIR DIFFERENCES AND HAVE REACHED A COMPLETE AGREEMENT ON THE TAX REDUCTION BILL. APPROVAL OF THE COMPROMISE BY BOTH HOUSES AND BY PRESIDENT COOLIDGE IS ASSURED AND THE BILL WILL BECOME A LAW IN TIME TO GIVE TAX PAYERS THEIR REDUCTIONS IN TAXES ON 1925 INCOME, THE FIRST INSTALLMENT OF WHICH IS DUE MARCH 15.

THE OUTSTANDING FEATURES OF THE BILL, AS AGREED UPON BY THE CONFEREES, ARE:

(1) INCREASED REDUCTIONS OF SURTAXES IN THE MIDDLE BRACKETS. (2) RETENTION OF INHERITANCE TAXES AT REDUCED RATES AND A RETROACTIVE REDUCTION. (3) REPEAL OF CAPITAL STOCK TAX. (4) INCREASED CORPORATION TAX. (5) RETENTION OF AUTOMOBILE, THEATER AND OTHER AMUSEMENT AND STAMP TAXES.

IT FIXES NORMAL TAXES OF 1½ PER CENT UPON THE FIRST \$4,000 OF TAXABLE INCOME, 3 PER CENT ON INCOME BETWEEN \$4,000 AND \$8,000, AND 5 PER CENT ON INCOMES ABOVE \$8,000, AS COMPARED TO THE EXISTING 2, 4 AND 6 PER CENT RATE.

IT MAKES PERSONAL EXEMPTIONS OF \$1,500 FOR SINGLE PERSONS AND \$3,500 FOR MARRIED PERSONS AS COMPARED TO EXISTING \$1,000 AND \$2,500. THE INCREASED EXEMPTIONS RELIEVE APPROXIMATELY 2,350,000 PERSONS OF ALL FEDERAL TAXES.

IT GRANTS A FLAT 25 PER CENT REDUCTION OF THE NET TAX UPON EARNED INCOME, WITH A

(Continued on Page Two)

THE C. P. A. BULLETIN

The official publication of the
National Association of Certified Public Accountants
 Published monthly by the Association at
 945 Pennsylvania Avenue,
 Washington, D. C.

Subscription price \$2.00 per year.

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EDITORIAL

By Wm. M. Williams

DOING YOUR BIT

Elsewhere in this edition there are fac-simile reproductions of letters received in response to the January issue of the Bulletin, in which the bonding feature of your Association was set forth in due prominence.

The reaction to the idea, as evidenced by the responses, is clear proof that the public demands the guarantee of safety and integrity which your Association is offering to it through its bonded members.

You will realize that this idea cannot be sown except that each member undertakes to spread it within the circle of his acquaintance and among those familiar with his record. The membership of this Association is in excess of 3,000, and each member should be able to reach at least fifty persons who are interested directly or indirectly in the services of public accountants, and have formulated an opinion with respect thereto.

Ideas, like snowballs, gain in size and momentum as they progress. The membership of your Association is not composed entirely of fearless men who are willing to wage war on oppositions because of the principle involved; but some of them are weak-kneed and became members because of the benefit to be derived therefrom. The progress of your Association will result in the elimination of the weak members, hence the strong ones should not withhold effort in the direction of right-thinking and right-doing because of a desire not to confer a benefit upon those who will not work. Drones are found in every hive—all armies have camp followers, and every forward movement attaches to itself those who expect to benefit there-

from without contributing except in a small degree to the centralized effort.

Protests are received by your officers from time to time to the effect that the members of your Association are discriminated against by the membership of rival organizations. This is as it should be; the members of your Association certainly should hold together and discriminate against those who are opposed to the principle which you are fighting to uphold. Such discrimination against a member should spur him on to convince the public that he and his fellows are right and those opposed to him are wrong. This does not mean loss of friendship, because two great political parties have been engaged in a similar undertaking for many years, and certainly one does not give up his friends because of opposite political beliefs. Partisanship is fine in its place, but the undertaking of your Association exceeds the bounds of partisanship and has developed into statesmanship. This means that each member must convince his friends and acquaintances that he stands for the ultimate object in public accountancy, and those who are opposed are only doing so through ignorant or selfish motives which may be removed only with the aid of public sentiment.

So long as man benefits under a given condition, just that long he will fight to maintain that condition, and will endeavor to delude the public into thinking that the condition is satisfactory and should not be changed. Evidence of this is before us every day in the opposition to existing laws, which, at the time of passing, were believed to be just and fair.

The question is: "What are YOU doing to spread the basic principle?" Are you mailing extra copies of the Bulletin to attorneys, bankers, clients? Are you in touch with the secretary of your local Rotary, Kiwanis, Lions, Chamber of Commerce, Board of Trade, or simi-

lar organizations? Are you endeavoring to get before these bodies the thought that you and your members are engaged in the very laudable undertaking of "Making the Country Safe for Public Accountancy"?

You may not realize it, but you are fighting and you are in a fight that will last to the finish. Get busy, put forth your best efforts, do as much in your way as has been done by your officers. Send in the evidence of your success to the national headquarters, that the Bulletin may herald it to the other members who are doing their utmost to spread the propaganda of integrity. By this means, and this means only, will your Association succeed in convincing the public that its membership should be retained in preference to the accountant who does not give assurance to the public of his financial responsibility.

Make a definite resolve today that you will spread the idea of Bonded Public Accountants throughout your community; that you will talk the idea to everyone who will listen to you, and will compel them to give heed by the force of your argument. Do not hesitate to expound your principles fully and clearly, taking the necessary time and effort in each instance to see and know that your audience understands clearly that which you are conveying. Go to the front for your Association, and do it NOW!

THE NEW INCOME TAX LAW

(Continued from First Page)

maximum limit of \$20,000, instead of the present \$10,000.

It provides surtaxes ranging from 1 per cent at \$10,000 to a maximum rate of 20 per cent at \$100,000, as compared to the present law, which ranges from 1 per cent on \$10,000 to a maximum of 40 per cent at \$500,000 and over.

It places the corporation earnings tax at 13 per cent on 1925 income, payable this year, divided as follows: 6½ per cent up to July 1, and 6 3-4 per cent from July to December. After this year, the rate is to be 19½ per cent. The present law is 12½ per cent.

Tax exemption on theater admissions increased from 50 cents to 75 cents per ticket, with 10 per cent rate retained.

Automobile taxes were cut from 5 to 3 per cent.

All auto truck, tire, tubes and accessory taxes are repealed.

The capital stock and gift taxes were repealed.

The 25 per cent flat deduction allowed under the 1924 law was retained. Repeal of all income tax publicity effected by the Senate and House was approved by the conferees.

Alcohol taxes were cut from \$2.20 per gallon to \$1.65, effective January 1, 1927, and to \$1.10 effective January 1, 1928.

While the new law will no longer give general access to information rela-

tive to amounts paid by tax payers, it will provide for a continuance of security of all sorts of confidential tax records by a joint committee of Congress composed of five members of the Senate Finance Committee and five members of the House Ways and Means Committee.

The conference bill provides for 12-year terms for members of the board of tax appeals, increasing its members to 16 and increasing the salaries from \$7,500 to \$10,000 per year. It also provides for a general counsel of the internal revenue bureau at \$10,000, and four assistants at \$8,000 and also two deputy commissioners of internal revenue at \$8,000.

PRESIDENT SIGNS TAX BILL

THE INCOME TAX BILL, KNOWN AS THE REVENUE ACT OF 1926, HAS BEEN APPROVED BY CONGRESS AND SIGNED BY PRESIDENT COOLIDGE.

TAX FORMS FOR 1926 RETURNS ARE NOW READY FOR DISTRIBUTION.

BONDED PUBLIC ACCOUNTANTS

EACH MEMBER IS CERTIFIED BY THE NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS AS TO HIS ABILITY AND STANDING AS AN ACCOUNTANT AND IS BONDED BY THE ASSOCIATION IN THE INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, PHILADELPHIA, PA., AS A GUARANTEE OF HIS OR HER FINANCIAL INTEGRITY TO CLIENTS, ASSOCIATES, AND THE PUBLIC

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NEW YORK February 1, 1926.

Mr. W. M. Williams, President,
 Universal Audit Company,
 Singer Building City.

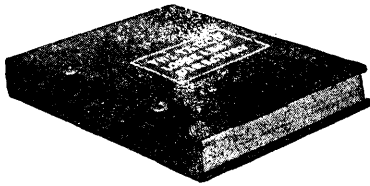
My dear Mr. Williams:

Thank you for your letter of January 27, in which you enclosed for my information a copy of The C.P.A. Bulletin of January 1, containing the editorial announcing the accomplishment by the National Association of Certified Public Accountants of a plan whereby each member of that Association carries an indemnity bond for the protection of the public.

This is an accomplishment of a real and tangible character in guaranteeing the good faith, integrity and ability of those engaged in the accounting profession, which seems to me to be of great value both to the accountants themselves and to their clients.

Yours very sincerely,

S. C. Mead
 Secretary,



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Andrew Forret Dowie, 22 Ravenscliffe Ave., Hamilton, Ont., Canada.

JONES WILL ATTEND ACCOUNTANTS' MEET

Bert F. Jones, public accountant, leaves Memphis Saturday night on a business trip to Washington, D. C., and New York city.

Jones recently was elected vice-president of the National Association of Certified accountants and will attend a business meeting of the association in Washington. He is the only accountant in the Southern states holding office in the association with its headquarters in Washington.



Bert F. Jones

—The Memphis (Tenn.) News-Scimitar.

FEDERAL INCOME TAX INDEX



On the subject of federal income taxes nothing can be more thorough, more complete, and inclusive than the above. 800 pages of reference lead you instantly to every official authority: Law, Regulations, Rulings, Treasury Decisions, and Decisions of the Board of Tax Appeals.

In addition to comprehensiveness there is the uttermost simplicity of arrangement. The data arranged alphabetically like a dictionary is easily and promptly located. The Index takes the "search" out of research. The last three years are in permanent form. The current material is in a single cumulative Supplement, which never piles up but always remains convenient.

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BY-LAWS OF THE NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Revised and Adopted June 10, 1924

ARTICLE 1

Name

This organization shall be known as National Association of Certified Public Accountants.

ARTICLE 2

Full Membership

The following described persons may become members of this Association:

(a) Holders of certified public accountants' or chartered accountants' or Licensed Accountants' certificate who have actually taken the written examinations under the laws of the State or territory under which he said certificate was issued.

(b) Holders of certified public accountants' or chartered accountants' certificate admitted under the waiver clause; or licensed accountants; or holders of accountancy degrees or the equivalent thereof, who have had three years' experience as a professional accountant, the last year of which must have been the year next preceding the date of this application.

(c) Teaching experience of three years or more in a recognized school in a course of not less than two scholastic years in higher accountancy preparing pupils for the examination for certified public accountants or business administration, the last year of which must have been the year preceding the date of this application.

(d) Applicants who have satisfactorily passed the U. S. Government Interdepartmental examination known as examination C or senior auditor (highest grade), and have had one year or more experience as auditor for the U. S. Government.

(e) Applicants who have passed the U. S. Civil Service Commission examination for senior auditors or grade three auditors (highest grade), and have had two years' or more experience as an auditor.

(f) Applicants who have had five years or more actual and continuous experience in professional accounting, three years of which must have been in a public accounting office of the grade of a senior accountant.

ARTICLE 3

Other Memberships

In the event that an applicant for membership in this Association should submit proofs as to his knowledge of and proficiency in the theory and practice of accounting and the Board of Governors should determine that such

proofs as are submitted are satisfactory, but that the said applicant does not yet possess sufficient practical experience or other requisite knowledge necessary for admission to Full Membership in this Association, such applicant may be admitted as Fellow, Associate or Junior Member of the Association. But, if admitted, as set out in the foregoing, no Fellow, Associate or Junior Member shall have either the right or privilege of voting at any of the meetings of this Association.

Should, however, any such Junior, Associate, or Fellow Member, at any time subsequent to his admission into Junior Associate or Fellow membership acquire the necessary experience and knowledge theretofore lacking, and shall present to the Board of Governors proofs thereof, and should said Board deem such subsequent proofs to be satisfactory, then, and in that event, the said Junior, Associate, or Fellow, upon filing application therefor, may, at the discretion of the Board of Governors, be admitted to Full Membership in this Association.

Fellow Membership

(g) Applicants who have had five

years' or more experience in a public accounting office, two years of which must have been of the grade of a senior accountant.

Associate Membership (In Practice)

(h) Applicants who have had three years' experience in a public accounting office, two years of which must have been of the grade of a senior accountant.

Associate Membership (Not in Practice)

(i) Applicants who are in harmony with and believe in the principles of the National Association of Certified Public Accountants and desire to further the interests of its members.

Junior Membership

(j) Applicant must have the equivalent of a high school education with one year's experience as an accountant, or be a graduate from a course of study in accountancy with one year's experience in accountancy or have had two years' experience in the practice of the profession of accountancy.

ARTICLE 4

Meetings

The Annual Meeting of the members of this Association shall be held on the first Monday of June of each year, at 11 o'clock, A. M., if not a legal holiday; but if a legal holiday, then on the following Monday.

Special Meetings of the members may be called at any time by the President of the Association, or by resolution of the Board of Governors; or



PITTSBURGH STEEL COMPANY

P. O. Box 72

PITTSBURGH, PA. February 9, 1926.

QUOTATIONS SUBJECT TO CHANGE WITHOUT NOTICE
ALL AGREEMENTS ARE CONTINGENT UPON STRIKES, ACCIDENTS AND OTHER DELAYS BEYOND OUR CONTROL

J. F. HARRIS,
GENERAL MANAGER OF SALES

Mr. Wm. M. Williams,

President,
National Ass'n. of Certified
Public Accountants,
719 Singer Building,
New York, N.Y.

Dear Mr. Williams:

Your letter of February 5 and the editorial in your bulletin enclosed therewith has been read with a great deal of interest.

The plan of bonding your individual members merits our hearty approval as it affords a most protective means of safe guarding public investments and well justifies a broad effort in acquainting industrial organizations and investors with the protection your "achievement" will afford.

Yours sincerely,

J. F. Harris
General Manager of Sales.

JFH-D

upon written request of one-third of the entire membership of the Association.

Notice of meetings, written or printed, for every regular or special meeting of the members, shall be prepared and mailed to the last known address of each member, not less than two weeks before any such meeting; and if a special meeting, such notice shall state the object or objects thereof, and the place where to be held.

A quorum at any meeting of the members shall consist of the members present represented in person or by proxy. A majority of such quorum shall decide any question that may come before the meeting.

The election of Governors shall be held at the Annual Meeting of Members. The election shall be by ballot, and each member present, in person or by proxy, shall be entitled to cast one vote for each member of the Board of Governors to be elected. There shall be no cumulating of votes. The member receiving the majority of the total number of votes cast shall be declared elected.

None but Full Members in good standing in the Association shall be eligible to vote. Voting may be either in person or by proxy.

The order of business at Annual Meetings, and, as far as it applies, at all other meetings of the members shall be:

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.

ARTICLE 5

Board of Governors

The affairs, business and properties of the Association shall be under the general supervision of a Board of Governors.

At the Annual Meeting of Members, and at each annual meeting, there shall be elected, from among the members in good standing in this Association five additional members to act as Governors, and these five additional members, together with the two members of the Board, shall constitute the entire membership of the Board of Governors, that is to say, seven members in all.

The election and terms of office of the five additional members shall be as follows One (1) shall be elected for a term of three years; and four shall be elected for a term of one year. And at each annual meeting of members, one member, in good standing in this Association, shall be elected for a term of three years and four for one year each.

In the event that a vacancy occurs in the Board of Governors, such vacancy shall be filled by the remaining members of the Board of Governors.

THOMAS & MARTIN

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Audits Investigations Systems

FEDERAL AND STATE TAX RETURNS

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Washington, D. C.

The Governors, thus elected or appointed, shall serve until the election or appointment and acceptance of their duly qualified successors.

Regular meetings of the Board of Governors shall be held in the principal office of the Association in Washington, District of Columbia, on the last Saturday of each month; but if such Saturday be a legal holiday, then on the following Monday.

Special meetings of the Board of Governors may be called at any time by the President, or by unanimous written consent of all the members of the Board, or by the presence of all said members at such meeting.

Notice of Special Meetings shall be mailed to each member of the Board not less than five days before any such meeting, and notices of Special Meetings shall state the purpose thereof.

A quorum at any Regular or Special Meeting of the Board shall consist of not less than three members, one, at least, of which shall be an executive officer. A majority of such quorum shall decide any question that may come before the meeting.

The members of the Board of Governors shall be compensated by the Association for all transportation and all other expenses incurred when on business for the Association, and, in addition thereto, shall receive such per diem allowance as the Board of Governors shall, in their opinion, deem proper.

Officers of the Association shall be elected by ballot. Governors at their first meeting after incorporation, and after the election of Governors, each subsequent year.

The Order of Business at any Regular or Special Meeting of the Board shall be:

1. Reading and disposal of any unapproved Minutes.
2. Reports of Officers and Committees.
3. Unfinished Business.
4. New Business.
5. Adjournment.

ARTICLE 6

Officers

The Officers of this Association shall be a President, a First Vice-President, a Second Vice-President, a Secretary,

and a Treasurer, who shall hold office until their successors are duly elected and qualified. The positions of Secretary and Treasurer may be united in one person; or the positions of Second Vice-President and Treasurer may be united in one person.

The President shall preside at all meetings; shall have exclusive direction of all of the affairs of the Association; shall sign or countersign all certificates, contracts, and other instruments of the Association as authorized by the Board of Governors; shall make reports to the Governors and members, and shall perform such duties as are incident to his office or are properly required of him by the Board of Governors. In the absence or disability of the President, the First Vice-President shall exercise all of his functions. And in the absence of both President and First Vice-President, the Second Vice-President may exercise such functions.

The Secretary shall keep the records of all meetings; shall have charge of the Seal, Books, Papers, Documents, and all other Records of the Association; shall sign, with the President, such instruments as shall require such signature; and shall make such reports and perform such other duties as are incident to his office, or are properly required of him by the Board of Governors.

The Treasurer shall have the custody of all moneys and securities of the Association, and shall keep regular books of account and shall balance the same at least each month. He shall sign or countersign such instruments as require his signature; shall perform all the duties of his office or that are properly required of him by the Board of Governors; and he shall give such bond for the faithful performance of his duties in such sum, and with such securities, as may be required by the Board of Governors.

In brief, the Executive Officers of the Association shall have exclusive charge and direction under the President, of the administration of the business and affairs of this Association, all with the advice and cognizance of the Board of Governors.

ARTICLE 7

Examinations

From time to time, as the necessity therefor arises, the President shall

nominate for the consideration of the Board of Governors a committee on examinations to be officially designated Board of Examiners, one, at least of which shall be a member of this Association and in good standing in the same, and who shall act as the Chairman of said Board of Examiners.

The Board of Examiners, when the nomination of said Board shall have been confined by the Board of Governors, shall convene and formulate rules for the proper conducting of the prescribed qualifying examinations of this Association. Examinations may be either written or oral, and such Rules, Regulations and Conditions as are formulated by the Board of Examiners shall be submitted to the Board of Governors for approval, and, when so approved, shall forthwith become effective and operative.

ARTICLE 8

Certificates

When, and in the event that, an applicant for membership in this Association has been certified by the Board of Examiners to the Board of Governors that he has satisfactorily passed the qualifying examinations of this Association as to proficiency in, and knowledge of, the principles and practice of professional accounting, and regarding his qualifications to practice as Public Accountant, and has complied with all other requirements of the Association, and has been formally passed upon and approved by the Board of Governors and accepted as a member, such applicant, so certified and accepted as a member, shall be entitled to receive, and there shall be delivered to him, this Association's certificate admitting the said applicant to membership in this Association.

Every member of this Association, in good standing therein, shall be entitled to receive, and there shall be delivered to him, the aforementioned certificate.

In the event that, in the opinion of the Board of Governors of the Association, there appears to be just cause therefor, any certificate theretofore issued by this Association may be suspended. If, after due investigation, at which investigation the holder of such suspended certificate shall be notified to be present either in person or by proxy, it shall be the decision of the Board of Governors, expressed by a vote of at least three-fourths of the total membership of said Board that grave reason therefor is apparent, the suspended certificate shall be recalled for cancellation, and the membership of the holder thereof, together with all rights and privileges in this Association, shall forthwith cease.

All certificates issued by this Association shall remain the property of this Association, they shall be numbered consecutively, and strict account of all certificates issued shall be kept by the Secretary.

ARTICLE 9

Seal

The Corporate Seal of this Association shall consist of two concentric circles, between which is the name of the Association, and in the center shall be inscribed "Washington, D. C.," and such Seal, as impressed in the margin hereof, is hereby adopted as the corporate seal of this Association.

ARTICLE 10

Amendments

These By-Laws may be amended, repealed, or altered, in whole or in part, by a majority vote of the membership of the Association present in person or by proxy, at any regular meeting of the members, or at any special meeting where such action has been announced in the call and notice of such meeting.

The Board of Governors may adopt additional by-laws in harmony therewith, but shall not alter nor repeal any by-laws adopted by the members of this Association.

ARTICLE 11

Annual Dues

The Membership annual dues are due and payable in January of each year. Members who fail to pay membership dues by February 1st, shall be declared delinquent. Members who are delinquent for a period of 90 days or more shall be dropped from the membership roll after due notice. Reinstatement subject to the approval and at the discretion of the Board of Governors.

WAIT A MINUTE!

At a meeting to discuss the safety of pedestrians, one witness remarked: "In the old days, if anybody missed a stage coach, he was contented to wait two or three days for the next. Now he lets out a squawk if he misses one section of a revolving door."

It's the truth. We are in such a hurry that half the time we don't know where we are going. We hardly take the time necessary to pick up our feet.

We dodge through traffic in the middle of a block, rather than spend 30 seconds in reaching a street crossing. We go from Chicago to San Francisco and write back that we made the trip in three hours less than last time. We jump off and on moving trains. We even marry in haste—about all we do at leisure is repent.

We eat fast, walk fast, dance fast, sleep fast—and die fast.

What's the hurry? There are still 24 hours in a day, even with daylight saving. A straight line is the shortest to the mathematicians, but why confuse life with geometry? Wait a minute!—Kodak.

NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Canons of Professional Ethics

(Continued from February Issue)

PROCEDURE

Any member violating these rules and where specific charges are filed against him in writing, signed by three or more members of this Association, shall have a hearing thereon before the Board of Governors, who shall act as a trial board. Upon conviction, an offending member shall be subject to the decision of the Board of Governors; provided that due notice to the accused member shall be mailed by the Secretary at least thirty days before the proposed trial and that the accused member shall have the right to appear before the trial board in person or by proxy.

Any member against whom a penalty has been imposed by the Board of Governors may appeal from such penalty at any regular membership meeting of this Association, held within two years from the date on which such penalty was imposed; provided, that notice in writing of the intention so to appeal from the penalty imposed by the Board shall be given to the Secretary of this Association at least thirty days prior to such meeting. The Secretary also shall give written notice to each member of this Association of the proposed appeal and date of hearing.

CURRENT EVENTS

By J. R. Hutchison

The State Legislation sessions for 1925-1926 appear to be an off-season for the enactment of new or amendments to the State accountancy laws. The legal committee of the National Association reports, as yet, no new bills have been introduced or proposed in any of the various state assemblies now in session that will materially affect the present status of accountancy.

MASSACHUSETTS House Bill No. 999, an act relative to the examination of certified public accountants, by Mr. Mulhern, of Boston, petition of Joseph J. Mulhern, requires that examinations for certified public accountants be held at least once each year.

RHODE ISLAND. There has been no bill introduced changing the accountancy law of the State of Rhode Island, although it may be of interest to know that a report has been made to the Governor proposing a plan for the regulation and supervision of Departmental Accounting. Following the presentation of this report, a bill was introduced into the legislature providing for a Commissioner of Finance corresponding to a budget commissioner.

PENNSYLVANIA. An effort is being made to eliminate the political factor in the appointment of State Bank

Examiners. Accordingly, an effort will be made in Pennsylvania to pass a bill prohibiting the appointment of any one as a banking examiner unless he holds a certificate of registration issued by the Department of Public Instruction by the State Board for registering bank examiners. Should this bill become a law, the Board would be a new unit in the Department of Public Instruction. Frankly, we have no faith in this sort of legislation. It has been tried before and does not function properly. Civil Service examinations for employees of this class is a far better method.

They Make No Difference

Our attention has been called to an agency contract put out by a prominent insurance company in which the following clause appears in printed form:

"It is agreed that the Company may, in any case where it considers it has ground to suspect violation of the terms of Article (2) hereof by the Agent, require the Agent to submit to the Company, without delay, proof that such violation has not occurred; and it is agreed that if the Company is not satisfied with such proof the Company shall have the right to designate a Public Accountant who shall examine all books and data of the Agent relating to the transactions for all companies in the Agency during the term of this Agreement, and the Agent agrees that, in that event, he will, upon request and without delay, produce for examination by such Public Accountant such books and data and furnish him with all reasonable facilities for such examinations at the offices of the Agent."

From the above article, it will appear that this company, and many other large concerns, depend upon practically the public accountant for their financial reports.

Will They Ever Learn?

The Morning Call, of Allentown, Pa., under date of February 4, 1926, carries two and one-half columns of details of a defalcation in a prominent bank of a nearby town, amounting to approximately \$113,560.00.

"Elmer P. Buzzard, former Northampton Company Commissioner, and until recently president of the Bangor Trust Company, was arrested on a charge of embezzling \$113,561.68 from the funds of the institution. * * * The Board of Directors and officers of the Bangor Trust Company state that the prosecution of Mr. E. P. Buzzard, former president of the Bangor Trust Company, will in no way affect the financial conditions of this institution. At the time the defalcation was discovered by the

banking department of the State of Pennsylvania, the directors and officers of the bank voluntarily contributed from their personal funds, securities and cash in such amount that the defalcation will not cause loss to the institution."

The news item closes with the following:

"The new officers of this company have just submitted all of their accounts to the usual periodical audit committee. The committee found that this institution had the most prosperous year in its existence in 1925, and confidently look forward to great growth and expansion in the future."

We wonder what the previous auditing committee found?

We also wonder, in passing, what the directors (who, if able, will dig deep into their jeans) think of this plan of prosperity, and we also wonder what the stockholders would think if the aforesaid directors were not able to dig sufficiently deep to cover the shortage?

How long is it going to take the ordinary stockholder to make up his mind that auditing committees who know nothing about auditing are a snare and a delusion, that their reports as a whole are absolutely unreliable, in fact, dangerous, in that they instill a false sense of security.

This bank, or its directors, would have been thousands of dollars to the good had they employed competent disinterested outside public accountants in the beginning. They would have saved a good business man from discredit, saved the directors a terrific loss, and saved the bank its good reputation.

Elimination of Waste Pamphlet No. 37

The Department of Commerce in Washington has published a new pamphlet entitled "Elimination of Waste No. 37," setting forth the simplification of invoice, purchase order and inquiry forms. We feel sure that this new publication will be of great interest to our members. It is obvious that the benefit to be derived from any simplification is directly proportional to the degree of general adherence it receives. Copies of this form may be had by writing to the Superintendent of Documents, Government Printing Office, Washington, D. C., asking for form No. 37, Simplified Practice Recommendations, and enclose five cents for each copy desired.

W. H. Flatley wishes to announce his withdrawal from the partnerships of Flesher, Flesher & Flatley and Arnold Flesher Co., and that he is re-establishing under the former firm name of W. H. Flatley & Co., with offices in Suite 301, Lewis Building, Minneapolis,

Minn., for the practice of public accounting, auditing, installing of systems, federal tax service, corporate organization and consultations.

W. L. Sherman, a prominent accountant and attorney of Cumberland, Md., made this office a visit while in Washington on legal matters.

E. J. Smith, of Independence, Mo., called at this office while in Washington on tax matters pending before the Treasury Department.

Our President, William M. Williams, of New York City, and our First Vice-President, Bert F. Jones, of Memphis, Tenn., both made this office an official call while in Washington on tax cases pending before the U. S. Board of Tax Appeals.

C. L. Smith, president of Southern Audit Company, Inc., located at Charlotte, N. C., called at this office while in Washington on tax matters pending before the department.

E. H. Symonds, of Washington, D. C., formerly a member of the National's Examination Board, is now located at Lake City, Fla.

J. R. Dyer, formerly with the collector of internal revenue, located at Boston, Mass., has opened an office at Clearwater, Fla., for the practice of general accounting and the handling of Income Tax matters.

Ernest Kritter, of New York City, while in Washington looking after his accounting practice, called at this office for a friendly chat.

We appreciate and welcome the large number of educators who called at this office during the N. E. A. Convention. We invite you to come again.

To the members of the Construction Division Association who were present at the C. D. A. annual meeting and called at this office, we welcome you again, in fact, any time you are in Washington we want you to make this office your office.

Registration for National members in the Polk's Bankers' Encyclopedia for the Spring issue was closed on February 3. Registration for the Fall issue will open April 1. Members desiring to be registered in the Bankers' Directory should make application through the office of the National Association.

The National's committee on publicity are negotiating with the Accountants' Blue Book Corporation for the registering of all National members in their 1926 Directory. The Accountants' Blue Book is the official publication of Registered Bonded Public Accountants.