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### Recommended Citation

American Institute of Accountants. Trial Board (1938) "American Institute of Accountants. Trial Board," *Journal of Accountancy*. Vol. 66: Iss. 6, Article 2.

Available at: <https://egrove.olemiss.edu/jofa/vol66/iss6/2>

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# American Institute of Accountants

## TRIAL BOARD

THE council of the American Institute of Accountants sitting as a trial board on Monday, September 26, 1938, heard charges, against two members of the Institute who were partners, filed by the committee on professional ethics. The charges alleged violation of rule 2 of the rules of professional conduct of the Institute in that the firm in which the respondents were partners had certified financial statements containing essential misstatements of fact as the result of what the committee believed to be such gross negligence as to be inexcusable. The respondents were heard in their own defense and while negligence was admitted the trial board failed to find negligence so gross as to constitute a violation of rule 2.

At the same session the trial board heard charges against an associate of the Institute formerly a member of a partnership which had certified financial statements alleged by the committee on professional ethics to contain essential misstatements of fact as the result of such gross negligence as to be inexcusable. The respondent was not present, but a written statement by him was presented indicating that the engagement in question had been entirely under the supervision of his former

partner with whom he had since severed his connection. In the circumstances, while the trial board found the associate concerned technically guilty of the charge, in that he shared responsibility for the acts of his then partner, the trial board merely admonished the respondent.

The trial board also heard charges presented by the committee on professional ethics against a member of the Institute under provision of article V, section 4 (h), providing that a member renders himself liable to expulsion or suspension if his certificate as a certified public accountant shall have been revoked or withdrawn by authority of any state of the United States and such revocation or withdrawal remains in effect. The respondent was not present, but a written statement by him was presented outlining the circumstances under which his certified public accountant certificate had been revoked and expressing the hope that it would be restored.

After careful consideration the trial board resolved that the member concerned be suspended as a member of the Institute for a period of two years or until any earlier date at which his certificate was restored.