

American Institute of Accountants

EXECUTIVE COMMITTEE

October 24, 1935.

To the Members of the
American Institute of Accountants:

Gentlemen:

The executive committee transmits herewith proposed amendments to the by-laws of the Institute adopted unanimously by the members present at the annual meeting at Boston, October 15, 1935. Please indicate your approval or disapproval and return the ballot *promptly*.

The amendments were recommended by your special committee on co-operation with other organizations consisting of Frederick H. Hurdman, chairman, Robert O. Berger, John F. Forbes, James J. Hastings and Walter A. Staub. The amendments deal with matters discussed in the negotiations between this special committee of the Institute and a committee of the American Society of Certified Public Accountants on the proposed unification of the two bodies.

Members who are not familiar with these negotiations are referred to an article in the *Bulletin* of the Institute for September 16th entitled "One National Organization."

After publication of that article committees of the two national organizations approved a suggested plan for a merger from which the following paragraphs are excerpts:

"It is proposed to merge the membership of the American Institute of Accountants, hereinafter called the 'Institute', and the membership of the American Society of Certified Public Accountants, hereinafter called the 'Society', on the following basis:

"(1) The Institute shall continue as the active national organization.

"(2) The Institute shall be furnished with a list of the members of the Society in good standing as of August 31, 1935, certified by the president and secretary of the Society. Each of the members of the Society whose name appears on such certified list shall, upon subscribing to the by-laws and rules of professional conduct of the Institute, become a member or an associate of the Institute, as he elects, without examination or initiation fee.

"(3) Amendments to the by-laws of the Institute shall be adopted as follows:

(a) To permit the admission of members of the Society as provided in paragraph 2.

(b) To require that after January 1, 1936, an applicant for membership or associate-ship in the Institute must hold a valid and unrevoked certified public accountant certificate issued by the legally constituted authorities of a state or territory of the United States of America, provided, however, that this by-law shall not in any way affect the membership rights of any present members of the Institute who do not hold such certificates.

(c) To reduce the experience requirement for associates to two years.

(d) To provide for the creation of an advisory council by the adoption of a new article as follows:

The Institute shall invite presidents of the recognized societies of certified public accountants in the several states and territories of the United States of America to form an advisory council of society presidents.

“(4) Contemporaneously with the certification of members provided in paragraph 2 hereof, the Society shall, by sufficient instruments, transfer to the Institute all of the property of the Society, real and personal and of every description. Thereafter the Society shall continue in existence as a corporation or shall be dissolved as the Institute may elect. In either event, the Society shall be inactive and shall take such steps as in the judgment of counsel for the Institute are necessary in order to carry out the spirit of this plan of merger in leaving the Institute as the active survivor of the two organizations.”

At the annual meeting at Boston on October 15th the members present resolved that the merger plan from which the above paragraphs are quoted was approved as a reasonable basis for the merger of the two national organizations.

It had also been reported to the membership that at the annual meeting of the American Society early in October this plan had not been approved in full, but that the Society had suggested a somewhat different procedure.

The Institute's special committee, in the belief that certain features of the plan, if adopted, would enable the Institute better to serve the profession to the satisfaction of all certified public accountants, recommended that the following parts of the plan be put into effect immediately by appropriate amendment to the by-laws, regardless of whether or not the merger of the two existing national organizations might ultimately be effected:

- 1—That after January 1, 1936, all applicants for admission to the Institute be required to possess a C. P. A. certificate.
- 2—That provision be made for the creation of an advisory council of state society presidents in order to permit closer co-operation between the Institute and the state societies.
- 3—That the experience requirement for admission as an associate of the Institute be reduced from three to two years.

Specific amendments to Article II, Sections 4 and 5 and a new Article XVI proposed for this purpose were unanimously approved and are submitted to the membership in the enclosed ballot under the provisions of Article XV of the by-laws.

It should be clearly understood that the adoption of these amendments does not in any way effect a merger with the American Society of Certified Public Accountants. If the Society ultimately decides to carry out the plan approved by the Institute the members of the Institute will then vote on the question whether the by-laws should be further amended so as to admit all members of the Society in good standing without examination or initiation fee, as well as on any other points which may be involved in the consummation of the merger.

With this possibility in mind the annual meeting adjourned to reconvene at Washington, D. C., on January 6, 1936, so that it may be possible to approve additional amendments to the by-laws at that time if a merger then seems feasible and desirable.

Proxies given for the meetings on October 15 and 17, 1935 may be voted at the adjourned meeting January 6, 1936, unless revoked *prior to that time*.

It will be helpful if the members will immediately write to the secretary expressing their views on the matter of regional representation in the council as outlined in the September *Bulletin*, and on any other points bearing on the possibility of one national organization.

In addition to those described above, other amendments to the by-laws were approved at the annual meeting as submitted by the committee on by-laws, dealing with amendments to Article XIII, which would permit the annual meeting to be held either in September or October as the executive committee might decide. The executive committee will be governed in its decision by the probable climate of the place selected for the meeting.

Yours truly,

R. H. MONTGOMERY, *President*

JOHN L. CAREY, *Secretary*