Journal of Accounting and Public Policy 37 (2018) 254–263

Contents lists available at ScienceDirect

Journal of Accounting and Public Policy

journal homepage: www.elsevier.com/locate/jaccpubpol

Full length article

The omnipresent influence of the SEC in the work of the Accounting Principles Board, 1959–1973

Stephen A. Zeff

Jones Graduate School of Business, Department of Accounting, Rice University, MS 531, P.O. Box 2932, Houston, TX 77252, USA

A B S T R A C T

During the tenure of the Accounting Principles Board, the Securities and Exchange Commission frequently played an influential role in its deliberations and in its process of establishing accounting principles, as a reminder to the Board of its obligation to serve the investing public. The object of this paper is to document these influences and therefore to explore why the APB seemed to fail in its mission.

1. Introduction

From 1959 to 1973, the body that established accounting principles (that is, the standard setter) in the United States was the part-time Accounting Principles Board (APB, Board), a senior technical committee of the American Institute of Certified Public Accountants (AICPA, Institute).[1] Prior to then, the body was the Institute's part-time Committee on Accounting Procedure (CAP), from 1939 to 1959. In 1973, the full-time, mostly independent Financial Accounting Standards Board (FASB) succeeded the APB.

The Securities and Exchange Commission (SEC), mainly via its Chief Accountant, periodically took issue with the CAP's proposed or actual Accounting Research Bulletins on controversial subjects (Zeff, 1972, 150–160). Beginning in the 1960s, the SEC became even more activist in monitoring the performance of the APB, from its inception in 1959 until its demise in 1973. Looking back at the days of the APB, former Board member Maurice Moonitz (1974, p. 54) wrote, "The SEC seems to have moved steadily into a position of dominance over the AICPA in the rule-making area." By 1974, Savoie (1974, pp. 321, 323), the AICPA's executive vice president from 1967 to 1972 who regularly attended APB meetings where he was a very influential voice (and previously was an executive office partner in Price Waterhouse & Co.), ruefully concluded that, by the end of the APB's life, "standards are now being determined largely in the public sector" and observed that "the SEC has been accelerating its pace in use of [its] power, both to issue its own rules and to goad the APB into action." A senior technical partner in Deloitte Haskins & Sells (Robinson, 1974, p. 237) maintained that the SEC's new activism in the 1960s was because it was pushing even harder for more uniformity in accounting – to "narrow the areas of difference," as SEC Chief Accountant Andrew Barr liked to put it (e.g., 1963, p. 14; 1967, p. 14).

It was not only that the Chief Accountant tracked the APB's deliberative process, but that the Commission issued releases when the Board was reluctant, because of pressures from preparers, to act on important issues. Attestation to this explicit monitoring by the SEC may be found in the following two quotations from the SEC itself. The SEC's 36th Annual Report for the Fiscal Year Ended June 30th (1970a, p. 57; emphasis supplied) contained the following passage:[2]

The Accounting Principles Board sponsors research studies of problem areas in accounting and formulates formal opinions and

E-mail address: sazeff@rice.edu.

[1] In 1957, the American Institute of Accountants renamed itself the American Institute of Certified Public Accountants.

[2] An identical passage appeared in the SEC's Annual Report for the preceding year (1969a, p. 57), and a very similar one appeared in the SEC's Annual Report for the next following year (1971, p. 62). Also see Establishing Financial Accounting Standards (1972, pp. 49–50).

https://doi.org/10.1016/j.jaccpubpol.2018.04.005

> advisory statements for the improvement of accounting standards and practices. The advisory statements contain recommendations of the Board which companies may adopt voluntarily. In furtherance of the policy of cooperation between professional organizations and the Commission, *the Board submits drafts of these studies, opinions and statements to the Chief Accountant for review and comment prior to publication*, and representatives of the Board confer with him on projects in progress or under consideration.

This point was made even more emphatically by SEC Chair William J. Casey in a speech in May 1972) (1972, p. 8; emphasis supplied):

> Since the APB was established in 1959 it has issued a number of major opinions, all of which were considered by the Commission or the Chief Accountant prior to their adoption. Our accounting staff meets with the APB subcommittees *to assure that principles are acceptable to the Commission*. In some difficult areas many conferences and discussions are necessary in order to develop satisfactory opinions.

To be sure, "the statutes administered by the Commission give it broad rule-making power with respect to the preparation and presentation of financial statements" (Barr and Koch, 1959, p. 178). Yet the SEC has deferred to the accounting profession to take the lead in establishing accounting principles. As a kind of quid pro quo, the SEC, through its Chief Accountant, has kept a watchful eye on the profession's committee or board that establishes those principles. Zeff (2007b) has already shown that, during the tenures of the CAP and APB, the SEC rejected their efforts to recommend that financial statements reflect upward departures from historical cost accounting. But the SEC's frequent involvements were not limited to issues involving historical cost accounting, and this paper will provide a rendering of the SEC's numerous initiatives to monitor and, when deemed necessary, overrule the APB.

As noted above, the SEC began by closely overseeing the deliberations of the CAP, and SEC Chief Accountant Barr has written (1963, p. 14; emphasis supplied):

> I have indicated that the Commission has supported the profession in efforts to narrow the areas of difference in accounting principles. This is accomplished in part by citing the Institute's accounting research bulletins, *when we agree with them*, as evidence of the authoritative support required by Release Nos. 4 and 96. There have been very few instances when we have disagreed with a bulletin. This may be accounted for in part because we have had an opportunity to comment on the content of most of them prior to publication in much the same manner as the public may comment on our rule-making proposals under the Administrative Procedure Act.

Two important, intertwined reasons why the CAP and the APB have had to be responsive to views of the SEC and its Chief Accountant are that (1) the SEC possesses the ultimate Congressional authority to establish accounting principles and (2) unless the SEC enforces company compliance with their recommended accounting principles, their efforts will go for naught. Both the CAP and the APB were private-sector bodies. Only the SEC could compel company compliance with the terms of their accounting pronouncements. Hence, both the CAP and the APB have needed to be continually sensitive to the SEC's views about what constitutes proper financial reporting. As Leonard Savoie wrote, "Many of us have known that, from the beginning, the APB could not (and did not) take a position without getting SEC approval" (1973, p. 190). Indeed, the SEC has the obligation to oversee the work of the APB to be satisfied that its deliberations lead to pronouncements that serve the public interest.

The aim of this paper is to document the SEC's involvements in the APB's deliberations and process of establishing accounting principles, and to suggest that its activism may have been intended to remind the Board of its obligation to serve users and the public interest, and not be unduly influenced by the interests of the preparer community. The SEC's involvements were so numerous and forceful that one of the Board's members advanced the view that the so-called "partnership" between the SEC and the APB was more aptly described as one of "top management" and "lower management," respectively.

2. Formation of the Accounting Principles Board

Zeff (1972, pp. 152–160) detailed a number of disagreements between the SEC's Chief Accountant and the CAP during the 1940s and 1950s. In 1957, following expressions of concern over the apparently timid performance by the CAP, including especially public criticisms by Leonard Spacek, the managing partner of Arthur Andersen & Co. (Zeff, 1984, pp. 458–462), the Institute created a blue-ribbon Special Committee on Research Program to determine if there was a better way to establish accounting principles. In its report issued in September 1958, the Special Committee unanimously recommended that the AICPA establish an Accounting Principles Board (APB, Board) to succeed the CAP, and it proposed that the Board commission research studies on basic accounting postulates and broad accounting principles to provide a conceptual basis for its future deliberations (Zeff, 2001).

When the Institute was forming the Special Committee, the SEC authorized Chief Accountant Barr "to accept the [Institute's] invitation to join the effort in which the commission had a vital interest" (Barr, 1979, p. 52). This was the first time that a sitting Chief Accountant had ever served on an Institute committee. Hence, Barr began exerting his influence over the APB even before it came into existence, because, when the Special Committee issued its report, the AICPA's leadership knew that one of the signatories was no less than the SEC Chief Accountant. The AICPA promptly acted to set up the APB. Within a year of the issuance of the report, the APB began operations on September 1, 1959.[3]

[3] For the roll of members of the APB during its tenure, see Zeff (2007c).

3. The institutional environment during the APB's tenure

3.1. The SEC

In Accounting Series Release No. 4, issued in 1938 and still applicable today, the SEC announced its administrative policy that

> In cases where financial statements filed with the Commission… are prepared in accordance with accounting principles for which there is no substantial authoritative support, such financial statements will be presumed to be misleading or inaccurate despite disclosures contained in the certificate of the accountant or in footnotes to the statements provided the matters involved are material.

Andrew Barr, who had joined the Commission's accounting staff in the 1930s, served as Chief Accountant from November 1956 to January 1972. He was highly respected and a deeply thoughtful person. He believed fervently that accounting principles should be set by the accounting profession (Seligman, 1985, p. 257), and, with one exception, he was loath to second-guess the APB. The exception involved upward valuations from historical cost. A tenet he held from his earliest days on the Commission staff was that historical costs must be preserved in financial statements, a view that was instilled in the staff by Commissioner Robert E. Healy (Zeff, 2007b, p. 50). Barr had been a student of A.C. Littleton's at the University of Illinois, and Littleton was an arch historical coster. In June 1972, John C. (Sandy) Burton, an accounting professor at Columbia University, became Chief Accountant, and he proved to be more activist in pressing his accounting views on the APB than was Barr.

The SEC Chair is the first among equals among the five Commissioners, and from 1961 to 1969, the two successive Chairs – William L. Cary and Manuel F. Cohen – were Democrats appointed to that position by Presidents John F. Kennedy and Lyndon B. Johnson, respectively. Cohen had joined the Commission staff in 1942 as an attorney, and rose through the ranks eventually to become Director of the Division of Corporation Finance. He became a Commissioner in 1961 and Chair in 1964. Seligman (1982, p. 354) has written, "Cohen was better prepared to assume the Commission's chairmanship than any chairman in the SEC's history." In one of Cohen's earliest speeches as Chair, he declared that "an immediate and pressing objective is to eliminate the use of alternative accounting principles underlying financial statements not justified by differing circumstances" (1964, p. 12), and Cohen was known for his impatience (Seligman, 1982, p. 355). During the remainder of the APB's life, from 1969 to 1973, the Chairs were three Republicans: Hamer H. Budge, William J. Casey, and G. Bradford Cook, all appointed to the Chair by President Richard M. Nixon. It was Casey who appointed Burton to be Chief Accountant in 1972, rather than Barr's deputy, A. Clarence Sampson, whom Barr had recruited to be his successor. In an interview posted on the SEC Historical Society website, Sampson said that Casey wanted to look outside the SEC for Barr's successor.[4] Casey evidently sought a fresh approach to oversight over the accounting profession and the establishment of accounting principles.

3.2. Influence of the press

Prior to the 1960s, there was scant, if any, press coverage of the issuance of Accounting Research Bulletins by the CAP. But the large controversy attending the conflict between the APB and the SEC over accounting treatment for the Investment Credit (see below) sparked coverage in The Wall Street Journal, The New York Times, Fortune, Business Week, Forbes, and Dun's Review. Journalists and editors discovered that there were lively debates in accounting of interest to readers, and this led to frequent press commentary on the APB's initiatives during its remaining years, culminating in the almost blanket coverage, nationwide, of the controversy over the merits of "pooling of interests" accounting in 1969/70 (again, see below), with coverage even in Time and Newsweek. Hence, the APB's attempts at forward motion during the 1960s, even though its meetings were held in private, were very much open to public scrutiny.[5]

4. Episodes in the SEC's influence on the APB

The following 13 episodes, summarized in Table 1, testify to the almost constant involvements of the SEC Chief Accountant, the SEC Chair, or the full Commission in the work of the APB between 1959 and 1973. These episodes came to the author's attention as a result, partly, of public disclosures attesting to them and, partly, from reading the APB's confidential minutes of its meetings, which the author possesses in his files. As the APB members are no longer available to be interviewed, any other involvements by the SEC in the work of the APB must be speculative.

4.1. 1962: SEC chief accountant Barr plays a key role in dooming the APB's research study on broad accounting principles

One of the recommendations by the Special Committee on Research Program was that the new APB should commission a research study on broad accounting principles, to guide the Board in its future work. Two academics, Robert T. Sprouse and Maurice Moonitz, published the study in 1962, in which they recommended that merchandise inventories and fixed assets be displayed in the balance

[4] Interview with A. Clarence Sampson, July 7, 2005, p. 5, accessed on January 2, 2018 at: http://3197d6d14b5f19f2f440-5e13d29c4c016cf96cbbfd197c579b45.r81.cf1.rackcdn.com/collection/oral-histories/sampsonclarance07072005Trans.pdf4.

[5] For citations to many of the press reports on the APB, see Zeff (1972, pp. 187–190, 213–221).

Table 1
Summary of episodes.

1962	Broad accounting principles	Barr weighs in against Study's recommendations
1962/63	Investment Credit	SEC allows method rejected by APB
1963	Business combinations	Barr rejects Study's "fair-value" pooling proposal
1965	Deferred tax credit classification	SEC issues release to implement APB's ED
1967	Investment Credit (again)	SEC withdraws support from APB's ED
1967/70	Segment reporting	SEC issues releases in absence of APB Opinion
1967/69	General price-level accounting	APB issues Statement in view of lack of SEC support
1969/70	Business combinations and intangibles	SEC sets parameters for APB Opinions
1969/70	Franchisor accounting	SEC acts on journal article in absence of APB action
1970/71	Funds statements	SEC mandates funds statements before APB acts
1971/72	Marketable securities	SEC opposition prevents APB from issuing an ED
1972/73	Accounting for retail land sales	Burton presses use of the installment method
1973	Lessees' present-value disclosures	SEC issues release to implement APB's ED

sheet at current values, and that long-term receivables and payables to be settled in cash should be shown at discounted present values. These valuation principles were all at variance from Generally Accepted Accounting Principles (GAAP), and SEC Chief Accountant Barr, who served on the advisory committee for the study, wrote in a comment on the study that "indiscriminate application of the principles could result in false and misleading financial statements and might tend to undermine the confidence of the public in all published financial statements" (Comments of Andrew Barr, 1962). He could hardly have used more damning language to reject the study's recommendations. The members of the Board were mostly conservative elders of the profession, and they had no taste for Sprouse and Moonitz's recommendations. In the absence of any support from the SEC Chief Accountant, the study was doomed, and the Board shortly dismissed its recommendations as "too radically different from present generally accepted accounting principles for acceptance at this time" (Statement by the Accounting Principles Board, 1962). The Board made no use of the study in its future deliberations.[6]

4.2. 1962/63: The SEC overrules the APB on accounting for the Investment Credit

The APB's first substantive pronouncement was Opinion No. 2, issued in December 1962 on accounting for the Investment Credit, a novel fiscal measure that had just been approved by Congress. It provided that companies purchasing certain classes of depreciable fixed assets, such as machinery, could immediately claim a percentage of their cost as a credit against their income taxes. The question immediately arose of how, for accounting purposes, this credit should be treated. By the barest majority of two-thirds needed for approval, the Board voted 14–6 in favor of mandating that the income-boosting effect of the credit in companies' financial statements be deferred until future periods via lower annual depreciation. The Big Eight accounting firms split 4–4 in the vote, and there was considerable pressure from preparers and from within President John F. Kennedy's Administration to allow the credit to flow through to income in the current period rather than be deferred over the useful lives of the depreciable assets. Those who opposed the Opinion communicated their strong views to the SEC, and in January 1963 the Commission issued Accounting Series Release No. 96, which rebuffed the APB by allowing *either* the flow-through or deferral method to be used by issuers. Because of the SEC's announced position, the Board felt obliged to issue Opinion No. 4, which acknowledged that the "flow-through" method was acceptable, although not preferable (Accounting Principles Board, 1964).[7]

4.3. 1963: SEC Chief Accountant Barr impliedly rejects the recommendation of "fair-value" pooling in an APB research study

In an Accounting Research Study on accounting for business combinations sponsored by the APB and published in 1963, Arthur R. Wyatt argued that "fair-value" pooling should replace "pooling of interests" when companies being merged are of approximately equal size. "Fair-value" pooling meant that the net assets of *both* of the combining companies should be restated to their fair values. "Pooling of interests" accounting prescribed that the assets and liabilities of the company being taken over should be shown at their historical costs, notwithstanding the actual value of the consideration given to its shareholders. Chief Accountant Barr promptly likened Wyatt's "fair-value" pooling to "upward" quasi-reorganizations, which the SEC had rejected more than ten years earlier (Barr, 1963, p. 13; Zeff, 2007b, pp. 51–52, 56). By implication, therefore, Barr was saying that Wyatt's recommended approach was a non-starter. Barr had always been opposed to recording upward valuations in assets.

4.4. 1965: The SEC issues a rule to approve a practice recommended in an APB exposure draft after the Board itself reverses course and disowns it

In 1965, when the Board was deliberating which of the CAP's Accounting Research Bulletins should continue as authoritative

[6] For discussions of this episode, see Moonitz (1974, pp. 17–20) and Zeff (1972, pp. 174–178).
[7] For discussions of this controversy, see Moonitz (1966), Carey (1970, pp. 98–108), Sprouse and Vagts (1965, pp. 714–716), and Zeff (1972, pp. 178–180, 219–221; 1973, pp. 132–135).

GAAP, it unanimously recommended in an exposure draft that deferred taxes should be classified as a current liability when they related to current assets, such as installment receivables, a view which SEC Chief Accountant Barr said he favored. At its next meeting, however, the Board voted 14-2 to remove that recommendation from the final draft of Opinion No. 6, "Status of Accounting Research Bulletins" (Accounting Principles Board, 1965). Arthur Andersen & Co., which had favored the recommendation, believed that major retailers, which opposed it, had pressed most of the big accounting firms to change their position, and the firm petitioned the SEC to issue an Accounting Series Release that would mandate the classification as stated in the recommendation. SEC Chair Manuel Cohen then called the leaders of the APB to a meeting with the Commission, and gave them a dressing-down for being so slow to narrow differences and for dithering instead of issuing decisive Opinions. He issued the following warning to the APB leaders (quoted in Zeff, 1972, p. 192):

> I do want to take this opportunity to observe that this Commission, as you know, has been quite patient with the efforts of the accounting profession to solve a number of accounting matters as to which questionable alternative solutions have been accepted for some time….
>
> As you know, we have certain statutory responsibilities. It has been suggested strongly that if you cannot or will not move with reasonable dispatch to cope with these issues, we should.

In December 1965, the SEC issued Accounting Series Release No. 102 to require the treatment set forth in the Board's exposure draft.[8]

4.5. 1967: Withdrawal of SEC support leads APB to decline to address the accounting for the Investment Credit

In March 1967, the Federal government reinstated the Investment Credit (which had been repealed in 1964), and the Board, with SEC support, issued an exposure draft in which it recommended the deferral method (as in 1962). But then both the Treasury Department and the President's Council of Economic Advisers weighed in against the draft, which signified the Administration's opposition to mandatory deferral, preferring instead that companies be allowed to take the credit directly to income, which the companies themselves also favored (Phasing of 7% Credit…, 1967).[9] Thereupon, the SEC notified the Board that it could no longer support the Board's treatment of the credit, and the Board decided not to proceed further with its proposal (Heinemann 1967; Zeff, 1972, pp. 201–202; Bevis, 1975, p. 47). The APB issued Opinion No. 11 on income tax allocation without dealing with the Investment Credit (Accounting Principles Board, 1967b).

4.6. 1967/70: The SEC issues two releases on segment reporting, and the APB fails to issue an Opinion

As a result of the conglomerate merger movement during the 1960s, there arose a demand, publicly supported by SEC Chair Manuel Cohen in 1966, for such diversified companies to provide the capital market with a breakdown of their revenues and income by product line. The company sector, however, was stoutly opposed to having to report such information. Chief Accountant Barr had requested the Institute's views on whether corporations reporting to investors should disclose revenues and income by division and/or product line. For its part, the APB gave its tentative view in September 1966 that such reporting was not necessary to a fair presentation, but it did not commission a research study on the subject.[10] In 1966, the Financial Executives Institute (FEI) agreed to conduct a major research study of its own, to be completed by 1968. Yet SEC Chair Cohen wanted also to hear from the APB. The Board then set about preparing a draft Opinion calling upon companies to make voluntary supplemental disclosure of product line information, but in the end, in 1967, it was issued as a non-binding Statement (Accounting Principles Board, 1967a; Zeff, 1972, pp. 202–204). This was the Board's first non-binding pronouncement (which it also considered labeling a "Special Report"), yet even this softest of recommendations – non-binding advice to provide supplemental disclosure voluntarily – attracted two dissents and an abstention from Board members.[11] The APB said in its Statement that "the experience derived from voluntary disclosure efforts, together with the conclusions to be derived from research activities and further study, should provide it with a sound basis for making a definitive pronouncement in the future" (paragraph 13). In September 1968, under Cohen's direction, the SEC began drafting a release to implement "line of business" disclosures in registration statements. In taking this step, the SEC relied not on advice received from the APB but instead on the major FEI study published in June 1968 (Mautz, 1968). In 1969 and 1970, the SEC issued two releases requiring "line of business" disclosures in the "description of business" section in registration statements and then in Form 10-K (SEC, 1969b; SEC, 1970b).[12] Even though the SEC's "line of business" disclosures were not to appear as part of the audited financial statements, the breakdowns were nonetheless made public. During its remaining tenure, the APB did not act further on segment reporting even though AICPA executive vice president Leonard Savoie (1969, p. 58) counseled that the Board had an opportunity "to spell out product-line reporting requirements for fair presentation of financial statements."

[8] For a full discussion of this episode, see Zeff (2007a). Also see Carey (1970, pp. 130–132) and Pines (1965, pp. 739–740).

[9] For the letter from the Treasury Department to the AICPA, see Keller and Zeff (1969, pp. 447–449).

[10] Accounting Principles Board, minutes of meeting – September 7–9, 1966, p. 7 (in the author's files).

[11] Accounting Principles Board, minutes of meeting – August 16–18, 1967, p. 12 (in the author's files).

[12] For contemporary coverage of the accounting effects of the conglomerate merger movement, see Rappaport et al. (1968). Also see Chatov (1975, chap. 13) and Skousen (1970).

4.7. 1967/69: Because of the negative view expressed by SEC Chief Accountant Barr, the APB issues a non-binding Statement instead of an Opinion on general price-level accounting

In 1963, the APB issued an Accounting Research Study which explained and illustrated general price-level (GPL) adjusted financial statements (Staff of the Accounting Research Division, 1963), and in 1965 Paul Grady, a senior partner in Price Waterhouse & Co. and the Board's director of accounting research, wrote Accounting Research Study No. 7 in which he advocated supplementary reporting of the financial effects of GPL changes. The Board proceeded to draft an Opinion to that effect, but in 1967 LeRoy Layton, the chair of the drafting subcommittee, informed the Board that SEC Chief Accountant Barr "was generally not in favor of the positions taken in the draft Opinion."[13] As it was evident that the SEC would not enforce compliance with an Opinion, the Board decided instead to issue a non-binding Statement in 1969 (Accounting Principles Board, 1969a).

4.8. 1969/70: The SEC did much to set the parameters for Opinion Nos. 16 and 17 on accounting for business combinations and intangible assets

A controversy over the accounting for business combinations and goodwill had been brewing for years, and the Board's attempt to deal with the matter was a wrenching experience. The initial position of the Board's subject-area subcommittee was to abolish "pooling of interests," but the Board itself could not muster a two-thirds majority to do so. The controversy at the Board provoked intense lobbying by the preparer community, which, together with sometimes confusing signals from the SEC, made it difficult for the Board to reach areas of agreement. Philip L. Defliese, the senior technical partner in Coopers & Lybrand and a member of the Board from 1964 to 1973, later characterized the SEC as having, in effect, set the broad parameters for any final outcome. He said (Defliese, 1974, p. 33),

> For many years, the SEC was highly in favor of pooling. The SEC felt that the purchase method would create highly inflated balance sheets in many instances by recording intangibles which didn't exist. If in the poolings the share values had been used to apply the purchase method, the values generated were inflated in many cases. Since this was not good accounting, they espoused pooling to a large extent. But at the same time, the SEC insisted on amortization of goodwill. Therein lies the problem that the APB had in getting something out that was meaningful because many board members were not particularly disposed toward the concept that all goodwill had to be amortized over a maximum of forty years.

Joel Seligman, the historian of the SEC, essentially confirmed these parameters (1982, pp. 425–429). Furthermore, "it was known that the SEC would issue its own rule in the absence of guidance from the Board" (Zeff, 1972, p. 216). The Board, unable to mobilize enough support for any of a series of linked outcomes on both business combinations and goodwill in a single Opinion, decided to divide them into two. Thereupon, it preserved "pooling of interests," albeit subject to restrictive conditions, in Opinion No. 16 and required the 40-year amortization of goodwill in Opinion No. 17 (Accounting Principles Board, 1970a, 1970b).[14]

4.9. 1969/70 SEC Chief Accountant Barr accepts the publication of an "arranged" journal article as constituting "substantial authoritative support" on accounting for franchisors, when the APB was unable to act

SEC Chief Accountant Barr was concerned that many franchisors, in this new and growing industry, were recording the entirety of their initial franchise fee as revenue, even though little cash had been received. The APB was, at the time, totally consumed with dealing with the highly controversial topic of business combinations. Yet the Chief Accountant was seeking "substantial authoritative support" for a principled approach to revenue recognition. One of the Big Eight accounting firms had stated a policy of recognizing the initial franchise fee as revenue only if it were to match the substantial performance of the franchisor's services to the franchisee. Some officials of the Institute and members of the APB were disposed to help provide the SEC with support for this mode of recognition, and a partner in one of the middle-sized accounting firms was deputized to draft an article to that effect for prompt publication in the Journal of Accountancy. Prior to publication, the SEC's Office of the Chief Accountant pre-cleared the article, because, as one long-time Board member said, "we had to have [the SEC's] support or nothing would be enforceable."[15] The article was published in the journal's issue for January 1970, and it was promptly cited by Barr as GAAP for franchisors.[16]

4.10. 1970/71: The SEC mandates audited funds statements even before the APB begins work on an Opinion to do the same

The APB was slow to recognize that companies should be required to publish funds statements. In 1963, even though both a New York Stock Exchange vice president and the SEC Chief Accountant had spoken in favor of complementing income statements and balance sheets with funds statements, the APB, in Opinion No. 3, timidly recommended that funds statements be optional and supplementary, and need not be covered by the auditor's report (Accounting Principles Board, 1963). The Exchange then began a successful campaign to press its listed companies to issue funds statements, such that more than 80 percent were doing so by 1969.

[13] Accounting Principles Board, minutes of meeting – 16–18 August 1967, p. 10 (in the author's files).

[14] For discussions of the business combinations/goodwill controversy at the APB, see Seligman (1982, pp. 418-429), Zeff (1972, pp. 212-216), Chatov (1975, chap. 14), and Fotenos (1971).

[15] Author's interview with George R. Catlett, July 15, 2011.

[16] For a full discussion of this episode, see Zeff (2012a).

And by 1970, just before the APB decided to begin working on an Opinion to mandate such statements, the SEC was putting the finishing touches on two releases, one to amend Regulation S-X so that it would govern the form and content of funds statements, and the other to require that a funds statement be included in prospectuses and periodic filings with the Commission.[17] Hence, by the time that the APB issued Opinion No. 19 in 1971 to require audited funds statements (Accounting Principles Board, 1971), their widespread publication had already become a fait accompli.[18]

4.11. 1971/72 the SEC prevents the APB from issuing even an exposure draft on accounting for investments in marketable securities

In 1971, following a public hearing, the APB began to develop a draft Opinion on accounting for investments in marketable securities. It narrowed its preferences to two: taking the current period's unrealized gains and losses to income, or including the gains and losses in income by spreading them over years via a moving average, long-term yield basis. The Board favored the former method, called "flow-through," but after a mini-exposure of this recommendation was sent to the SEC and the insurance industry, the method was rejected by the latter and then by the former. The APB then opted for spreading, but the fire and casualty companies strongly objected, and the SEC said that it would not impose any solution on an industry that was adamantly opposed to it. The Board could not agree on what remained: a two-statement approach (separate income statements with realized gains and losses shown in one and unrealized gains and losses in the other) or essentially the status quo, which was the recognition of only realized gains and losses in the income statement. The Board could not secure sufficient votes for either of the remaining two methods to proceed to a formal exposure draft, and thus the issue disappeared from its agenda.[19]

4.12. 1972/73 SEC Chief Accountant Burton presses the APB to prescribe the installment method of accounting, in addition to an accrual accounting method, in an accounting guide on accounting for retail land sales

A proposed AICPA Industry Accounting Guide on accounting for retail land sales, which was originally drafted by an AICPA committee and then had to be approved by the APB, became yet another episode.[20] The problem was that many sellers were "front-end loading" their revenues, that is, recognizing the contract price as revenue at the time of sale even though little, if any, cash had yet been received, and there were great uncertainties over collectability of the many future years of customer payments. In November 1972, SEC Chief Accountant Sandy Burton issued a letter rejecting the Board's exposure draft, which called for an accrual method to be used for recording revenue. Burton threatened that, if the Board did not stiffen its draft, the SEC would issue its own rules to require the installment method of accounting. After the Board chair, Philip Defliese, met with SEC Chair Casey, Commissioner Philip A. Loomis, Jr., and Burton, the SEC representatives agreed that "they would support an industry accounting guide allowing [an] accrual accounting method under certain circumstances if the AICPA committee could agree and if two-thirds of the APB supported the committee's position."[21] After a strenuous effort during the Board's December 1972 meeting to forge a compromise (with provision for both the installment and accrual methods), agreement was finally reached. It was reported that Burton, who was reached by phone following the meeting, "expressed disappointment but affirmed his position, subject to review of the final draft, that he would recommend the Commission's acceptance of the paper if a solid two thirds majority of the APB endorsed it."[22] The Board's vote was 15 in favor (including two qualified assents) and three against. The AICPA committee voted 5–1 in favor, with Abraham J. Briloff dissenting (Accounting for Retail Land Sales, 1973, pp. 38-41).[23]

4.13. 1973: SEC Chief Accountant Burton has the SEC issue an Accounting Series Release to require lessees to disclose the present value of their long-term lease rentals after importuning the APB, without success, to do so itself

Shortly after becoming SEC Chief Accountant in June 1972, Sandy Burton challenged the APB to issue an Opinion requiring lessees to disclose the present value of their long-term lease rentals. After issuing an exposure draft in January 1973, requiring the disclosure of present values as well as the amounts of aggregate rentals, the Board, in its April 1973 meeting, learned of objections from industry to the required disclosure of present values.[24] The Board then tentatively decided to withdraw its exposure draft and refer the matter instead to the Financial Accounting Standards Board (FASB) which was to succeed the APB on July 1.[25] Upon learning of this decision, Burton urged the APB to reconsider, and, on June 6, the SEC issued its own proposal to require the disclosure of present values by lessees (Lease Disclosure Rules Proposed, 1973). The APB then voted at its final meeting on June 11–13 to issue Opinion No. 31, "Disclosure of Lease Commitments by Lessees," which required lessees to disclose their aggregate rentals but *not* the

[17] Already in Securities Act Release No. 4998, issued on September 15, 1969, the SEC had given notice that it was considering the inclusion in Regulation S-X of "a section which would specify the content of a statement of source and application of funds" (Securities and Exchange Commission, 1969a, p. 58).

[18] For a full discussion of this episode, see Zeff (2015b).

[19] For a full discussion of this episode, see Horngren (1973, pp. 63-64). Also see Savoie (1974, p. 326).

[20] The author expresses gratitude to Paul Pacter for suggesting the inclusion of this episode.

[21] Accounting Principles Board, minutes of meeting – December 6–9, 1972, p. 6. (in the author's files). For a press report on the APB's controversy with the SEC, see Andrews (1972).

[22] Accounting for Retail Land Sales Companies, *Accounting Research Association Newsletter*, Vol. V, No. 10 (December 13, 1972), p. 2.

[23] For an elaboration on his dissent, where he discussed Burton's view, see Briloff (1973).

[24] Memorandum from Albert J. Bows, the Arthur Andersen & Co. partner serving on the APB, to his firm's partners and managers, dated April 9, 1973 (in the author's files).

[25] Accounting Principles Board, minutes of meeting – April 2–3, 1973, p. 4 (in the author's files).

present values. Thereupon in October 1973, the SEC issued Accounting Series Release No. 147, which mandated the disclosure of the present values (Burton, 1973, 46).[26] In some sense, this was similar to the episode in 1965 involving the classification of deferred tax liability, in that the SEC issued an Accounting Series Release to implement the terms of an APB exposure draft which the Board declined to carry to an Opinion.

In addition to these 13 episodes, SEC Chair Manuel Cohen evinced strong interest during 1966 in the APB's drafting of its proposed pronouncement on "reporting the results of operations," which became Opinion No. 9 issued in December 1966. Part I of the Opinion reversed the CAP's decision in 1947, in Accounting Research Bulletin No. 32, to endorse the "current operating performance" version of the income statement, contrary to the "clean surplus" approach to which the SEC subscribed. The SEC Chief Accountant had taken public exception to the Bulletin (Zeff, 1972, 157). Part II of Opinion No. 9 dealt, for the first time, with the computation and reporting of earnings per share (EPS). In a confidential internal memorandum written by one of the Big Eight firms' partners who was then serving on the Board, he stated that Cohen had made several suggestions to the APB for Part II in the near-final draft of the Opinion, and that, if certain of these suggestions were not implemented, the SEC would issue its own release to mandate their inclusion in GAAP.[27] In the end, the suggestions were accepted as part of the final Opinion, but this threat, coming at the 11th hour, must have been unnerving to the leadership of the Board.

But Part II of Opinion No. 9 was soon regarded as ineffective guidance for determining earnings per share. It was succeeded by the very detailed prescriptions in Opinion No. 15, "Earnings per Share," issued only three years later (Accounting Principles Board, 1969b), "which were, in turn, prompted by the serious concerns of the SEC" (Establishing Financial Accounting Standards, 1972, p. 37). Seligman (1985, ftn. 105) wrote, "In 1966 and again in 1969, the SEC encouraged the APB to adopt Opinion Nos. 9 and 15, requiring that certain convertible securities substantially equivalent to common stock be taken into account in calculating earnings per share."

Moreover, Savoie (1974, p. 321) wrote that, in 1972, the APB's last full year prior to being succeeded by the FASB, "while the APB issued six Opinions and exposed four proposed Opinions, the SEC issued fifteen Accounting Series Releases of general applicability and exposed four proposed Releases. These Releases are sprinkled with references to APB Opinions, often in a way that modifies or extends the Opinion." One of the SEC's proposed releases, Savoie pointed out (1974, p. 322), recommended an amendment to Regulation S-X "calling for disclosure of significant accounting policies [which] would take a quantum leap from the base provided by APB Opinion No. 22 [issued in April 1972] on the same subject."

None of the above is intended to suggest that the APB's record was devoid of successes. Donald J. Bevis, of Touche Ross & Co., who served on the Board from 1965 to 1973, cited 11 of its 31 Opinions (beginning with No. 8) as achievements, in an article in which he was critical of the Board's performance (Bevis, 1975). Of those 11, the author of this paper would give high marks to Nos. 9 and 30 on reporting the results of operations, No. 11 on income tax allocation, No. 18 on the equity method of accounting, No. 21 on interest on receivables and payables, No. 22 on disclosure of accounting policies, and No. 28 on interim financial reporting. It is impossible to know whether, if at all, the SEC played a role in shaping any of these Opinions, other than what is mentioned above.

5. Confirmation of Horngren's "top management/lower management" thesis on the SEC's position vis-à-vis that of the APB

Charles T. Horngren, a Stanford University accounting professor who served on the APB from 1968 to 1973, wrote in 1972 that his experience on the Board had taught him that the so-called "partnership" between the SEC and the APB was in reality one of "top management" and "lower management," respectively. Top management (the SEC) "can exert veto power" over lower management's (the APB's) recommended accounting principles (p. 38). He wrote that "it is time to dispel the oft-heard myth that a private group is setting the accounting principles which are then enforced by the policing agency, the SEC" (p. 39). Since "Congress had delegated the bulk of power to the SEC…the APB has formulated principles subject to whatever constraints the SEC exerts" (p. 38). He complained that "the Board has been unjustifiably criticized for timidity or vacillation on several occasions when the basic explanation for the Board's behavior has been no assurance of support from the SEC" (p. 39). The evidence presented in this paper amply supports Horngren's thesis.

In a speech given in October 1972, SEC Chief Accountant Burton characterized the accounting profession as the SEC's partner in establishing accounting principles, and said that he did not accept Horngren's as "a fair statement as to the way in which the S.E.C. and the A.P.B. relate" (p. 2). He added, "If it was our view that the Board was simply there to promulgate our views, it was immoral on our part to let them be established" (p. 2).

6. Conclusion

In this paper, the author has undertaken to demonstrate that the SEC on 13 occasions undertook to influence the substantive deliberations and/or the actual outcomes of the APB's process of establishing accounting principles during its tenure of just 13 years and 10 months, from September 1, 1959 to June 30, 1973. There were other occasions as well when the SEC became involved to a considerable degree. But it is important to underscore that the APB, like the CAP, was a unit within the national professional body of

[26] For a discussion of this episode, see Zeff (2012b).

[27] The date of this memorandum was December 12, 1966, and a copy is in the author's files. The Wheat Study, Establishing Financial Accounting Standards (1972, p. 18), tends to confirm this anecdote: "Prior to the issuance of Opinion No. 9 ('Reporting the Results of Operations') the staff of the SEC had drafted the outline of a Commission rule dealing with the presentation of earnings per share. This draft was aimed at the elimination of potentially misleading 'bottom line' calculations not reflective of the potential dilution of per share earnings arising from increasingly complex corporate capital structures."

accountants, with their members all having to be CPAs, which may have created a climate in which the members were more attuned to the views of accounting practitioners and, by implication, to their client companies than to financial statement users in both the capital markets and among the public at large. Horngren (1972, p. 41) complained that "the practitioners who dominate the Board, though they have unquestioned integrity, listen to the views of their clients. After all, in their daily interactions, practitioners talk mostly to other practitioners and business executives, not to financial analysts and college professors." Hence, the SEC, for its part, may have seen its role as "righting the ship" more toward serving the public interest.

In his reply to Horngren, Chief Accountant Burton (1972, p. 1) made this pointed remark: "If the accounting profession is to serve as our partners in this process, they must recognize their public responsibilities as being primary, and their client responsibilities as being secondary." Burton issued that judgment just as the Financial Accounting Standards Board (FASB) – a body rather more independent of the accounting profession – was about to replace the APB. The Wheat Study on Establishment of Accounting Principles, which had been empaneled in 1971 to explore alternatives to the APB, concluded in its 1972 report that an effective standard-setting body, during that era of aggressive lobbying by interested and affected parties, had to be a full-time body that was not a committee or board of the AICPA, namely, the FASB (Zeff, 2015a).[28] The FASB succeeded the APB on July 1, 1973.

Yet, judging from the several attempts by the preparer community to gain control over the FASB and its oversight foundation during the 1980 s and 1990 s (Miller et al., 1998, pp. 177–192; Van Riper, 1994, pp. 130–131, 135–141, 165–169) – the major attempts were rebuffed by the SEC – one concludes that the new Board has continued to face strong resistance from that quarter.[29]

Acknowledgements

The author expresses his gratitude to Paul Bahnson, Doug Carmichael, Tom Dyckman, George Fritz, Tom King, Paul Pacter, Gary Previts, Al Rappaport, Lee Seidler, Joel Seligman, Shyam Sunder, and Terry Warfield for their comments on earlier drafts. What remains is solely the responsibility of the author. This article is dedicated to the memory of Art Wyatt, who made it possible for the author to obtain the APB's minutes and related documents.

References

Accounting for Retail Land Sales, 1973. An AICPA Industry Accounting Guide. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1962. Accounting for the "Investment Credit," Opinion No. 2. American. Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1963. The Statement of Source and Application of Funds, Opinion No. 3. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1964. Accounting for the "Investment Credit," Opinion No. 4. American. Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1965. Status of Accounting Research Bulletins, Opinion No. 6. American. Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1966. Reporting the results of operations, Opinion No. 9. American. Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1967a. Disclosure of supplemental financial information by diversified companies, Statement No. 2. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1967b. Accounting for income taxes, Opinion No. 11. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1969a. Financial statements restated for general price-level changes, Statement No. 3. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1969b. Earnings per share, Opinion No. 15. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1970a. Business combinations, Opinion No. 16. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1970b. Intangible assets, Opinion No. 17. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1971. Reporting changes in financial position, Opinion No. 19. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1972. Disclosure of accounting policies, Opinion No. 22. American Institute of Certified Public Accountants, New York.
Accounting Principles Board, 1973. Disclosure of lease commitments by lessees, Opinion No. 31. American Institute of Certified Public Accountants, New York.
Andrews, F., 1972. SEC to reconsider installment accounting for land firms if CPA unit compromises. Wall Street J. 22 (November), 6.
Barr, A., 1963. The influence of government agencies on accounting principles with particular reference to the Securities and Exchange Commission. Address to the 37th Annual Michigan Accounting Conference, Ann Arbor, October 18 (typescript on SEC website under Speeches). Int. J. Account, 1965, pp. 15–33.
Barr, A., 1967. Trends and future requirements for Corporate Financial Reporting. Address before the Twentieth Annual Financial Management Conference, Texas A& M University, May 1 (typescript on SEC website under Speeches).
Barr, A., 1979. Relations between the development of accounting principles and the activities of the SEC. In: Cooper, W.W., Ijiri, Y. (Eds.), Eric Louis Kohler: Accounting's Man of Principles. Reston Publishing Company, Reston, VA, pp. 41–61.
Barr, A., Koch, E.C., 1959. Accounting and the S.E.C. The George Washington Law Review 28 (1), 176–193.
Bevis, D.J., 1975. Eight years with the Accounting Principles Board: How it feels to be a gored ox.Touche Ross TEMPO, 21 (1), 44–49.
Briloff, A.J., 1973. The New Guide for Land Developers is Misguided. Real Estate Review, Spring, pp. 53–54.
Burton, J.C., 1972. Speech at the Los Angeles Chapter of the California Society of Certified Public Accountants, on October 10 (typescript). Accessed on January 1, 2018 at < http://3197d6d14b5f19f2f440-5e13d29c4c016cf96cbbfd197c579b45.r81.cf1.rackcdn.com/collection/papers/1970/1972_1010_Burton_Speech.pdf > .
Burton, J.C., 1973. Some general and specific thoughts on the accounting environment. J. Account. 136 (4), 40–46.
Carey, J.L., 1970. The Rise of the Accounting Profession: To Responsibility and Authority 1937–1969. American Institute of Certified Public Accountants, New York.
Casey, W.J., 1972. Toward common accounting standards. An address to the Conference on Financial Reporting, Commission des Opérations de Bourse, Paris, May 19. SEC typescript. Accessible at: < https://www.sec.gov/news/speech/1972/051972casey.pdf > .
Chatov, R., 1975. Corporate Financial Reporting: Public or Private Control? The Free Press, New York.
Cohen, M.F., 1964. Address before Investment Bankers Association of America, Hollywood, Florida, December 1 (SEC typescript).
Cohen, M.F., 1966. Analysts, accountants and the SEC – Necessary joint efforts. J. Account. 122 (2), 57–62.
Comments by Andrew Barr, 1962. In: Sprouse, R.T., Moonitz, M., A Tentative Set of Broad Accounting Principles for Business Enterprises, 60. Accounting Research

[28] To be sure, the AICPA was authorized to choose the nine trustees of the Financial Accounting Foundation, the oversight body of the FASB, and it was stipulated that four of the seven FASB members be CPAs coming from practice. The AICPA's elected president was to be one of the trustees ex officio. Four of the other nine trustees were to be CPAs coming from practice. See Zeff (2015a, pp. 164-166). Most of these special rights conceded to the AICPA were removed in 1977.

[29] For a study of the influence of the SEC in the work of the FASB, see Palmon et al. (2011).

Study No. 3. American Institute of Certified Public Accountants, New York.
Committee on Accounting Procedure, 1947. Income and earned surplus, Accounting Research Bulletin No. 32. American Institute of Accountants, New York.
Defliese, P.L., 1974. The search for standards: U.S. and abroad. In: Burns, T.J. (Ed.), Accounting in Transition: Oral Histories of Recent U.S. Experience, 19–43. College of Administrative Science, The Ohio State University, Columbus, OH.
Establishing Financial Accounting Standards, 1972. Report of the [Wheat] Study on Establishment of Accounting Principles. American Institute of Certified Public Accountants, New York.
Fotenos, J.F., 1971. Accounting for business combinations: a critique of APB Opinion Number 16. Stanford Law Rev. 23 (2), 330–348.
Grady, P., 1965. Inventory of Generally Accepted Accounting Principles for Business Enterprises. Accounting Research Study No. 7. American Institute of Certified Public Accountants, New York.
Heinemann, H.E., 1967. Accounting-rules board backs down on change. The New York Times, December 4, 73, 76.
Horngren, C.T., 1972. Accounting principles: private or public sector? J. Account. 133 (5), 37–41.
Horngren, C.T., 1973. The marketing of accounting standards. J. Account. 136 (4), 61–66.
Keller, T.F., Zeff, S.A. (Eds.), 1969. Financial Accounting Theory II: Issues and Controversies. McGraw-Hill Book Company, New York.
Lease disclosure rules proposed, 1973. SEC News Digest 73 (109), June 6, 1.
Mautz, R.K., 1968. Financial Reporting by Diversified Companies. Financial Executives Research Foundation, New York.
Miller, P.B.W., Redding, R.J., Bahnson, P.R., 1998. The FASB: The People, the Process, and the Politics. Irwin/McGraw-Hill, Burr Ridge, IL.
Moonitz, M., 1966. Some reflections on the investment credit experience. J. Account. Res. 4 (1), 47–61.
Moonitz, M., 1974. Obtaining Agreement on Standards in the Accounting Profession. Studies in Accounting Research #8. American Accounting Association, Sarasota, FL.
Palmon, D., Peytcheva, M., Yezegel, A., 2011. The accounting standards setting process in the U.S.: examination of the SEC-FASB relationship. Group Dec. Negot. 20 (2), 165–183.
Phasing of 7% tax credit opposed by U.S. as it would cause apparent slashes in net, 1967. The Wall Street Journal, November 9, 16.
Pines, J.A., 1965. The Securities and Exchange Commission and accounting principles. Law Contemp. Probl. 30 (4), 727–751.
Rappaport, A., Firmin, P.A., Zeff, S.A. (Eds.), 1968. Public Reporting by Conglomerates: The Issues, the Problems, and Some Possible Solutions. Prentice-Hall Inc, Englewood Cliffs, NJ.
Report of the Special Committee on Research Program, 1958. J. Account. 106 (6), 62–68.
Robinson, H.G., 1974. Impact of the SEC on accounting principles and auditing standards. In: Previts, G.J. (Ed.), The Development of SEC Accounting (1981). Addison-Wesley Publishing Company, Reading, MA, pp. 230–239.
Savoie, L.M., 1969. Raising accounting standards. J. Account. Res. 7 (Empirical Research in Accounting supplement) 55–62.
Savoie, L.M., 1973. A view from the top. In: Tidrick, D.E. (Ed.), Leonard M. Savoie: Words from the Past Thoughts for Today (1995). Garland Publishing, Inc., New York, pp. 183–194.
Savoie, L.M., 1974. Accounting attitudes. In: Sterling, R.R. (Ed.), Institutional Issues in Public Accounting. Scholars Book Co., Lawrence, KS, pp. 317–327.
Securities and Exchange Commission, 1938. Administrative policy on financial statements. Accounting Series Release No. 4 (April 25). Securities and Exchange Commission, Washington, DC.
Securities and Exchange Commission, 1963. Accounting for the "Investment Credit." Accounting Series Release No. 96 (January 10). Securities and Exchange Commission, Washington, DC.
Securities and Exchange Commission, 1965. Balance sheet classification of deferred income taxes arising from installment sales. Accounting Series Release No. 102 (December 7). Securities and Exchange Commission, Washington, DC.
Securities and Exchange Commission, 1969a. 35th Annual Report for the Fiscal Year Ended June 30th. U.S. Government Printing Office, Washington, DC.
Securities and Exchange Commission, 1969b. Adoption of amendments to Forms S-1, S-7, and 10. Securities Act Release No. 4988 (July 14). Securities and Exchange Commission, Washington, DC.
Securities and Exchange Commission, 1970a. 36th Annual Report for the Fiscal Year Ended June 30th. U.S. Government Printing Office, Washington, DC.
Securities and Exchange Commission, 1970b. Adoption of revised Form 10-K. Securities Exchange Act. Release No. 34-9000 (October 21). Securities and Exchange Commission, Washington, DC.
Securities and Exchange Commission, 1971. 37th Annual Report for the Fiscal Year Ended June 30th. U.S. Government Printing Office, Washington, DC.
Securities and Exchange Commission, 1973. Notice of adoption of amendments to Regulation S-X. requiring improved disclosure of leases. Accounting Series Release No. 147 (October 5). Securities and Exchange Commission, Washington, DC.
Seligman, J., 1982. The Transformation of Wall Street: A History of the Securities and Exchange Commission and Modern Corporate Finance. Houghton Mifflin Company, Boston.
Seligman, J., 1985. The SEC and accounting: A historical perspective. J. Compar. Bus. Capital Market Law 7 (3), 241–266.
Skousen, K.F., 1970. Standards for reporting by lines of business. J. Account. 129 (2), 39–46.
Sprouse, R.T., Moonitz, M., 1962. A Tentative Set of Broad Accounting Principles for Business Enterprises. Accounting Research Study No. 3. American Institute of Certified Public Accountants, New York.
Sprouse, R.T., Vagts, D.F., 1965. The Accounting Principles Board and differences and inconsistencies in accounting practice: an interim appraisal. Law Contemp. Probl. 30 (4), 706–726.
Staff of the Accounting Research Division, 1963. Reporting the Financial Efects of Price-Level Changes. Accounting Research Study No. 6. American Institute of Certified Public Accountants, New York.
Statement by the Accounting Principles Board, 1962. American Institute of Certified Public Accountants, New York.
Van Riper, R., 1994. Setting Standards for Financial Reporting: FASB and the Struggle for Control of a Critical Process. Quorum Books, Westport, CT.
Wyatt, A.R., 1963. A Critical Study of Accounting for Business Combinations. Accounting Research Study No. 5. American Institute of Certified Public Accountants, Springer, New York.
Zeff, S.A., 1972. Forging Accounting Principles in Five Countries: A History and an Analysis of Trends. Stipes Publishing Company, Champaign, IL (Reissued in 2016 as a Routledge Revival by Routledge, UK).
Zeff, S.A., 1973. The politics of accounting standards. Economia Aziendale 12 (2), 123–142.
Zeff, S.A., 1984. Some junctures in the evolution of the process of establishing accounting principles in the U.S.A.: 1917–1972. Account. Rev. 59 (3), 447–468.
Zeff, S.A., 2001. The work of the special committee on research program. Account. Historians J. 28 (2), 141–186.
Zeff, S.A., 2007a. The SEC preempts the Accounting Principles Board in 1965: the classification of the deferred tax credit related to installment sales. Accounting Historians Journal 34 (1), 1–23.
Zeff, S.A., 2007b. The SEC rules historical cost accounting: 1934 to the 1970s. Accounting and Business Research, International Accounting Policy Forum Issue, pp. 49–62.
Zeff, S.A., 2007c. The membership of the Accounting Principles Board. Res. Account. Regul. 19, 207–214.
Zeff, S.A., 2012a. Accounting for initial franchise fee revenue: When a journal article in 1970 constituted GAAP in the eyes of the SEC. Res. Account. Regul. 24, 1–5.
Zeff, S.A., 2012b. Lobbying on lessee accounting in 1972-73, and the role of the SEC. World Accounting Report, August-September, 9.
Zeff, S.A., 2015a. The Wheat Study on Establishment of Accounting Principles (1971–72): a historical study. J. Account. Public Policy 34 (2), 146–174.
Zeff, S.A., 2015b. Funds statements: the Accounting Principles Board was twice behind the curve. Account. Historians J. 42 (2), 91–102.