

Securities and Exchange Commission Historical Society
interview with Andrew Barr
Conducted July 17, 1992 by Dr. Gary Previts, Introduced by Dale L. Flesher

Dale L. Flesher:

From the University of Mississippi, I'm pleased to be able to introduce to you today Mr. Andrew Barr, former Chief Accountant of the United States Securities and Exchange Commission. Andy Barr was born on May 6th, 1901 in Urbana, Illinois. He received a bachelor's degree from the University of Illinois in 1923 and a master's degree the following year. While at Illinois, he was elected to several honoraries, including Beta Alpha Psi, Beta Gamma Sigma, and Phi Kappa Phi. He passed the CPA examination in 1924.

After two years in public accounting, Mr. Barr became an accounting instructor at Yale University in 1926. He remained on the Yale faculty until 1938 when he joined the SEC as a research accountant. One of his first duties was to investigate the McKesson and Robbins fraud case. He served as an army colonel during World War II and then returned to the SEC. He became Chief Accountant in 1956, a position he held until his retirement in 1972.

Mr. Barr has been active in a number of professional organizations, including the Association of Government Accountants, an organization of which he joined as a charter member in 1950. He served as the AGA's fourth president while the organization was known as the Federal Government Accountant's Association. He received the AGA's Distinguished Leadership Award in 1961 and the AICPA's Gold Medal Award in 1964. He has also been inducted into the Accounting Hall of Fame. Both George Washington University and the University of Illinois have honored him with honorary degrees.

A lifelong bachelor, Mr. Barr enjoys world travel and military history. Mr. Barr will be interviewed today by Dr. Gary Previts, a professor at Case Western Reserve University. Dr. Previts is a noted accounting historian who served as the founding president of the Academy of Accounting Historians. He has authored numerous books and articles, including several in the field of federal regulation. He's currently the editor of the journal, Research in Accounting Regulation. Dr. Previts and Dr. Barr, welcome.

Dr. Previts:

I guess this is really going to be a conversation, and we're going to try to forget the cameras are even here so we can relax a little bit.

Mr. Andrew Barr:

Okay.

Dr. Previts:

If that's okay with you.

Last night, prior to preparing for taking this session, you brought out a document from 1938. It had to do with one of your first assignments at the commission with the McKesson Robbins investigation. One of the questions you posed to us last night to get us to think about this a little bit, and Dale and I did talk

about it some, was how did someone like Bill Werntz, who was then the chief accountant and I guess your boss at the time at the commission?

Mr. Andrew Barr:

Mm, yeah.

Dr. Previts:

How did he get people to come forward and testify in the McKesson case? And I guess there were 14 people in that list of witnesses that testified in 1938.

Mr. Andrew Barr:

[inaudible 00:04:15]

Dr. Previts:

Yeah. Is that an important episode or an important part of the experience in your early years of the commission? McKesson as a whole, and then the contact with these expert witnesses?

Mr. Andrew Barr:

I had been at the commission less than a year when the McKesson case broke, so I was fortunate in getting into, I'd say prime time, getting on that case. I represented the SEC in accounting in New York. The hearings were in New York.

Dr. Previts:

Oh, they were in New York? Oh, okay. That makes sense.

Mr. Andrew Barr:

And Werntz worked out a solution for this business of whether an accountant should testify against his brother in the profession. The result was an agreement for a number of firms, the big firms and the intermediate-sized firms, to have one of their partners, particularly the audit partner, join with others and avoid the possibility that one of them might be damaging to the reputation of another. We don't want that. We want to-

Dr. Previts:

Yeah, you want to get down to-

Mr. Andrew Barr:

A solid-

Dr. Previts:

... the technical issues.

Mr. Andrew Barr:

That's right. We didn't want any bickering.

Dr. Previts:

Versus someone casting stones at somebody else.

Mr. Andrew Barr:

But that was a bit of diplomacy from Bill.

Dr. Previts:

How old was Werntz at the time? He was relatively young.

Mr. Andrew Barr:

Oh, he was about 30, I guess.

Dr. Previts:

So that was a rather ambitious move. He was dealing with the real giants of the profession.

Mr. Andrew Barr:

Well, what happened was, it turned out that I wrote the questions based upon the examination of financial statements that had just been published by the American Institute of CPAs.

Dr. Previts:

That was the special committee project, the revision of the Federal Reserve Board Bulletin.

Mr. Andrew Barr:

That's right.

Dr. Previts:

I think Sam Broad had chaired that rewrite committee.

Mr. Andrew Barr:

Yes.

Dr. Previts:

Okay.

Mr. Andrew Barr:

So we had a good start. Bill was a lawyer as well as an accountant, so he could play the role of interrogating... I'm sorry. It's still good to say, is it?

Dr. Previts:

I guess just interrogator, if you will. Or at least the person asking the questions.

Mr. Andrew Barr:

And I was the one that worked the questions up from the bulletin. We had a very good lawyer, and he was in charge of the case in New York, Irving Galpeer. You can find his name in something on your computer.

Dr. Previts:

Okay. Well, I was pleased to see that that document is still in your collection. I'm not sure that many people who really are trying to understand the origins of our contemporary auditing issues often have a chance to go back because they're so pressed with day-to-day problems. Paul Grady used to comment, I think to the effect that we're so busy solving our client day-to-day problems that we don't have a chance to think about our profession in philosophical terms. It's one of his favorite quotes that I remember picking up somewhere.

And so we're so pressed today, here it is in the 1990s, we don't always go back and reflect upon the significance of that particular episode and all the activities that occurred the first decade after the formation of the commission. Of course, you were very active then, even though you had your service interrupted by service in the Army. And I think you reported to duty as a major. Is that correct?

Mr. Andrew Barr:

That's correct.

Dr. Previts:

And then were promoted to Lieutenant Colonel while you were on active duty. And then I guess eventually you got, I guess the word is became a chicken colonel at the time of your conclusion of all your services that-

Mr. Andrew Barr:

Well, I don't approve of the chicken colonel.

Dr. Previts:

I know, that's probably the marine talking versus the-

Mr. Andrew Barr:

Must be.

Dr. Previts:

... the enlisted man talking, more than anything else. But you got your Silver Eagles toward the end of your career.

Mr. Andrew Barr:

Well, when I was separated from service on return from duty in Germany. My division, the 3rd Armored Division, was on occupation duty for a while.

Dr. Previts:

So you didn't get out until '46. Is that correct?

Mr. Andrew Barr:

'46, that's right. And part of that was we arranged for me and a small group to complete the writing and publishing of the 3rd Armored Division history, known as Spearhead.

Dr. Previts:

Have you always had an interest in history or is that the start of it? Is the volume of that here?

Mr. Andrew Barr:

Yeah. No, the blue one.

Dr. Previts:

Okay. Spearhead In The West: 3rd Armored Division History. Oh, yes,

Mr. Andrew Barr:

I recall that Spearhead In The West because we were hearing rumors every 15 to 20 minutes that we were going to go to the Pacific to distinguish what we did in Europe from what might happen in the Pacific. But the situation changed so fast-

Dr. Previts:

Very quickly.

Mr. Andrew Barr:

... that we abandoned that deal. We were broken up in Europe and sent back piecemeal. The low point men went to... They wanted to stay in Europe for a time. And the high point men just went home.

Dr. Previts:

Sure. And you had, depending on the number of months overseas, you earned points. Was that the...

Mr. Andrew Barr:

Yeah, that's right. They had decorations counted toward that too.