

thing, because he couldn't carry it at the original cost, it's an understatement. Now, the true facts are——

Mr. EDMONDSON. I can't imagine any auditor neglecting the fact of depreciation of an automobile. To me, it's inconceivable.

Mr. CLEARY. I agree with you.

Mr. EDMONDSON. Unless it's an antique that might have appreciated in value.

Mr. CLEARY. I agree with you emphatically.

Mr. EDMONDSON. Do you know whether or not it was an antique automobile?

Mr. CLEARY. I don't think it was.

Mr. EDMONDSON. You're not sure?

Mr. CLEARY. No, but if it was bought new 5 years ago, I don't think it is antique yet. It may look like it, but——

Mr. EDMONDSON. Let's get a time estimate here to determine if we want to take a break or not. What is your time estimate for completion?

Mr. CLEARY. I suggest a break.

Mr. EDMONDSON. Can you give a time estimate at the same time?

Mr. CLEARY. Can I give a time estimate when I come back from the break? I will see what I have to say and what I can eliminate. I would say probably 30 minutes.

Mr. EDMONDSON. Let's take a time break then, and recess for 5 minutes.

(A 5-minute recess was taken.)

Mr. EDMONDSON. The subcommittee will come to order. Mr. Cleary, although I am not going to interrupt you as frequently as I have been, I want the record to show that my silence will not necessarily indicate agreement on the points you make. I think that goes for the full committee, but on the other hand, we may be on agreement on some of them, as we have been on some of them.

Mr. CLEARY. All right, sir; thank you. I have already in my written report which is part of the record, indicated a majority of the statements of the task force report which I feel to be false, therefore in my oral presentation I will attempt to eliminate as many of those as I feel can justifiably be done, but one that I cannot is the false statement appearing on page 20 under paragraph (d) at the top of the page, wherein the task force concludes that the receipt of fees from a lessee necessarily involves conflict of interest. I draw this committees' attention to canon No. 6 of the rules on ethics or professional conduct for the State bar. Parenthetically, this charge is made by Mr. Cox's report against many individuals: Mr. Hollowell, Mr. Arnold, Mr. Carroll, the firm of Schlesinger, Schlecht & McCullough, Mr. Ruskin, Mr. Simpson, and Judge Therieau. The rules of professional conduct state:

Rule 6. *Disclosure of Relationship with Adverse Party and of Interest in Subject Matter.* A member of the State Bar shall not accept professional employment without first disclosing his relation, if any, with the adverse party, and his interest, if any, in the subject matter of employment."

Rule 7. *Representation of Conflicting Interests.* A member of the State Bar shall not represent conflicting interests, except with the consent of all parties concerned.

Now, not only do the canons of California cover this situation, but the canons of professional ethics of the American Bar Association