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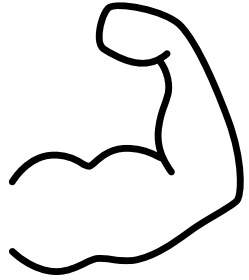
NOTE ABOUT ELECTRONIC MATERIAL

- You have the option of **printing the material** and taking notes during the presentation, or **taking electronic notes**
- If you print, we suggest you make sure you print the material large enough to take notes on it
- We **cannot provide conclusive instructions on how to take electronic notes** in the pdf file on each registrant's device, because of the wide ranges of combinations of pdf software that registrants may have, in addition to platforms, i.e. MAC or PC, tablet, etc. Note you will need one device to watch the course on and one device to take notes on
- The instructor will send you a fully completed and populated slide deck on completion of the course, if you don't want to take notes

BUILD YOUR CORE MUSCLES – THE KEY TO FITNESS

FITNESS VIDEO INSTRUCTOR
STEPHEN PRIDDLE





PRACTICAL
PD

BUILD YOUR ETHICAL MUSCLES

STEPHEN PRIDDLE, CPA, CA, CMA

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INTRODUCTION

- Welcome to the course
- Steve, the handout is full of blanks???
- spriddle@bell.net for completed slides after, or put your email in the private chat

ALL MY LIVE SEMINARS/WEBINARS HAVE AN OPPORTUNITY TO WIN PRIZES

- But that doesn't work in the video version
- However, send me some useful feedback or stories, will put in you the draw for a good prize



IN THE WEBINAR WE DO SOME FUNNY GET TO KNOW YOU QUESTIONS....

- I will share a couple here and one later...

LET'S GET TO KNOW EACH OTHER



TYPE A PET PEEVE OF YOURS IN THE CHAT

13:03:08 From Marc to Everyone:
people being late.

1:25:22 From Mike to Everyone: Motorcycles that drive on the shoulder to get around slow traffic.

13:03:16 From Candice to Everyone:
loud chewing!

13:03:19 From Allison to Everyone:
Misspelled professional brochures.

13:03:19 From Sarah to Everyone:
making sounds while eating

13:03:20 From Guy to Everyone:
Slow traffic

13:03:22 From Travis to Everyone:
Armed conflict

13:03:24 From Sheri to Everyone:
people doing personal stuff at work.

13:03:24 From Heather to Everyone:
Loud chewing for me too!

13:03:49 From Valerie to Everyone:
Driver's who don't know how to merge.

TYPE A PET PEEVE OF YOURS IN THE CHAT

- Here is one of mine

13:03:15 From Sarah to Everyone:
Stickers on fruit!



TYPE THE MOST HUMILIATING MOMENT OF YOUR LIFE IN THE CHAT...

- No, of course I am kidding
- But I will share one of mine, there have been many
- I am taking a class years ago
- And I realized that I am the dumbest person in the class
- And I know 99% less than all the other participants
- Who are 5 year olds (and their mothers)
- It was one of our son's group music classes, which usually my wife took him to and the parents had to participate

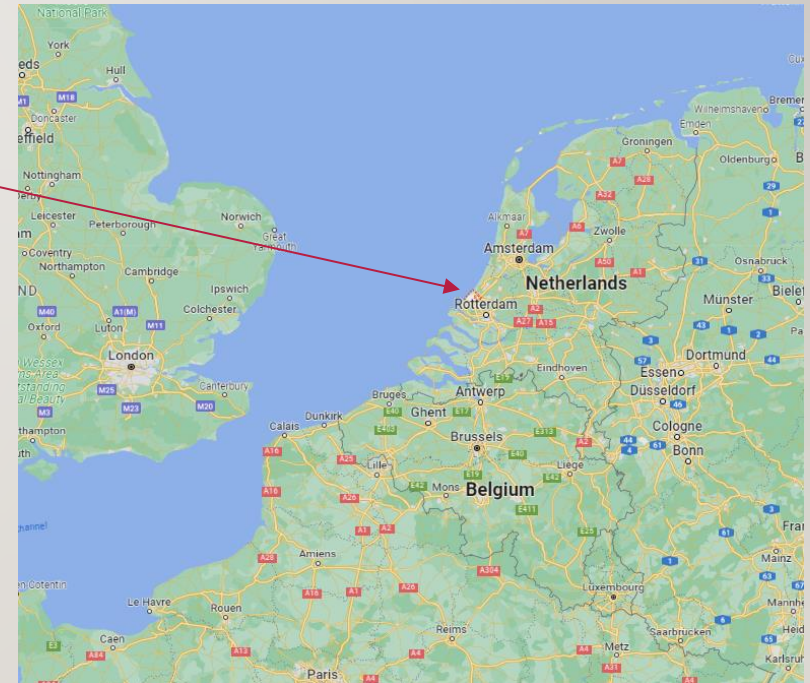


TYPE YOUR NICKNAME IN THE CHAT

- Mine is Steve
- As the oldest of six in our neighbourhood growing up it was “Big Priddle”
- Once, working in French with 100% francophones in Quebec for six months, it was “l’Anglais”

INSTRUCTOR BIO

- I was born...
- I grew up in the Hague, Netherlands
- But moved to Ottawa, young and still live here
- I am probably the least eloquent person in my family of 8



I CO-OWN AND AM CFO OF A GLOBAL AVIATION SOFTWARE COMPANY

Solutions from LWE to de-icing its all here

We have five SURE^WX family groups. Scroll → to see the benefits.

...and rest assured we have multiple solutions in each group.

SureFLIGHT



click

SureCAST



click

SurePORTALS



click

SureORDER



Chat

BUT WE ALSO HAVE LOTS OF HARDWARE

- Special weather equipment we have developed is at about 50 airports in the world
- Installing this year Vancouver, Waterloo, JFK, Frankfurt, Zurich, Philadelphia, St. Louis, Dallas, KC, Detroit and more



COURSE OBJECTIVES

- No one single theme, or focus on the Code, but to build your ethical muscles:
- To inspire CPAs in their ethical struggles
- To be encouraged that others have gone through what you have
- To consider ethics, when we are not at work
- To improve your thinking through ethical situations
- To discuss a variety of ethics issues and experiences
- A proverb says: *The **integrity** of the upright guides them* (the 2nd half of the proverb will be discussed later)

COURSE COVERAGE

- Ethics backgrounder
- Who should come up with the rules?
- Income manipulation with provisions
- Minority interests and ethics
- Ethics and letting people go
- In-depth case on attesting and ethics
- When you quit for ethics...
- CPA Disciplinary Notices
- Dropping clients for ethics
- Ethics – personal reflections

COURSE COVERAGE

- Work ethics and ethics outside of work
- Ethics and family background and training kids
- In-depth case – the property management company
- A different kind of unethical behaviour
- Codes of Ethics issues
- Stop them with an interesting tactic
- Ethics and peer pressure
- Telling the truth

COURSE COVERAGE

- Ethics and confidentiality
- False accusations
- The unfair consequences of an ethical stand
- What animal best represents the ethical accountant?
- Sometimes you have to get them fired....
- Anticipating a problem
- The need for wisdom
- Good things that happen from taking a stand
- Conclusions

ETHICS BACKGROUND



WARNING

- Ethics courses are very boring, real emails I have received, verbatim:
- *A topic less than invigorating (to put it politely)*
- *A very 'dry' and sensitive subject matter*
- *Those course on Ethics are often, more theoretical and boring*
- *Others courses I have taken on ethics that were much more boring*
- *Most of the CPA ethics lectures were given by lawyers in my experience... and were dry & sleep inducing.*
- **BUT THOSE EMAILS WERE THE OTHER ETHICS COURSES CONTRASTED WITH MINE, I HOPE YOU WILL FIND THIS DIFFERENT**

HOW DID I END UP SPEAKING ABOUT ETHICS?

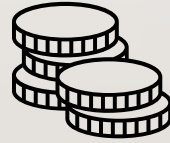
- I never set out to become an ethics speaker, although I have always felt strongly about ethics
- I have sat at work thinking, “**why am I here, this is crazy, this situation is like a curse?** (have you ever been in that situation – ethics or other reasons making you think like that the job is a curse?)
- Not knowing I would be able to help people and make \$ from this experience later
- I included ethics issues in many published cases, more on cases later
- When I created my first course for accountants, 19 years into my career, I decided to include some very personal and real ethics content, even though accountants weren't required to take get ethics content, and it was very well received

HOW DID I END UP SPEAKING ABOUT ETHICS?

- Since I had lots of ethics content, I included more and more in general courses, and then I created some ethics only courses
- I get almost daily emails from people about ethics (mostly from video course folks)
- I had a bunch more ideas, so I created this course

I AM A LITTLE SKEPTICAL OF ETHICS COURSES

- When the topic is theory for the course creator and deliverer
- The content could be excellent, but they have never really been there
- Where they had to put their family income on the line with lots of dependents, in the cause of ethics
- I have had to, as have some of you



A RECENT SURVEY I TOOK

- Question:
- Did you believe you were adequately trained concerning business ethics at university?
- The audience was about 60 Certified Fraud Examiners at a Chapter event where I was speaking, majority CPAs
- The answer: **ZERO!**
- **I had long guessed this, but the survey confirmed this**
- **That is why ethics courses long after graduation are so important**



**WHO SHOULD COME
UP WITH THE RULES?**



BIG QUESTION - WHO SHOULD COME UP WITH THE ETHICS RULES FOR CPAS?

- What do you think?
- Some lawyers?
- The police?
- The government?
- The profession itself
- The profession itself, but approved by government?
- Significant government control is where Alberta is going for all regulated professions including CPA



13:11:12 From Allison to Everyone:

Should be the profession itself approved by the government, I think

13:11:18 From Celeste to Everyone:

self regulation is good, but public trust seems to be low

13:11:23 From Travis to Everyone:

The industry unless there is a flaw in the thinking or something that needs to be addressed.

13:10:51 From Candace Everyone:

can they do ethics for realtors at the same time??

Bill 23: A Major Overhaul for Professional Regulatory Legislation in Alberta

May 2022 - 10 min read

On May 2, 2022, the Alberta Government introduced Bill 23, the *Professional Governance Act*. Bill 23 represents a major overhaul for professional regulatory legislation in Alberta. The Bill would repeal the governing statutes for 22 professions and replace them with one umbrella statute. It would expand the abilities of Professional Regulatory Organizations (PROs) to make bylaws and rules, but it would also introduce considerable government oversight and control. Much of Bill 23's content will be familiar to PROs, but there are several new and noteworthy provisions.

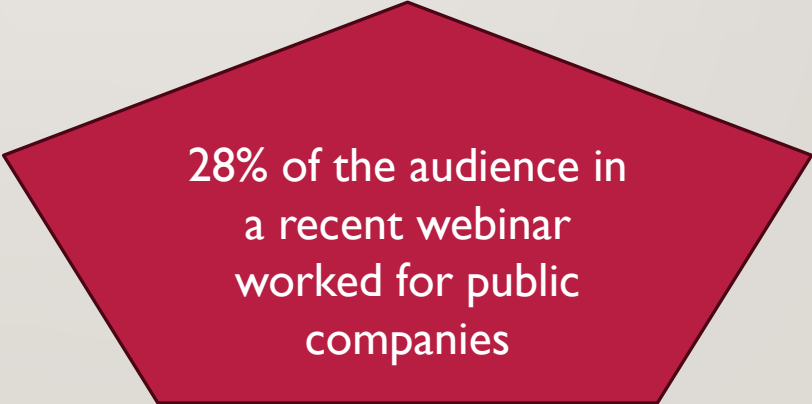


PROVISIONS



OUR FIRST SPECIFIC TOPIC

- A huge one for large companies, usually public



28% of the audience in
a recent webinar
worked for public
companies

COOKING THE BOOKS WITH _____



- I met an ex-KPMG colleague on a plane about 10 years ago, who had worked for one of the most famous companies in the world, I won't share the name, but they are on this list
- She said they used to cook the results every quarter with provisions, but can no longer do it
- Example: \$100M Miscellaneous provisions, need \$20M this quarter, just drop it to \$80M
- Have you seen this?
- This used to be winked at in the public world, especially for quarters, but now it not considered acceptable
- I would argue it was never right, or GAAP, don't do it
- Thoughts?

09:35:40 From Kate to Stephen Priddle (Instructor) (Direct Message):
Was once asked to book a general accrual (millions) with no back up, refused.

13:13:47 From Alisha to Everyone:
I never rely on financials as they are mostly based on provisions, estimates etc
13:14:03 From Ian to Everyone:
if it's not justifiable, then it shouldb't be done
13:14:04 From Alisha to Everyone:
Cash flow is my go to

Rank	Brand
1	Apple
2	Google
3	Microsoft
4	Amazon
5	Facebook
6	Coca-Cola
7	Disney
8	Samsung
9	Louis Vuitton
10	McDonald's
11	Toyota
12	Intel

On January 14, 2013, Marrocco J. of the Ontario Superior Court of Justice acquitted the three former executives of Nortel*. The acquittals involved a fundamental rejection by the trial judge of the Crown theory that, in Q4 2002 and Q1 and Q2, 2003, the three former executives of Nortel had fraudulently manipulated the booking, and release, of accrued liabilities in an effort to create false financial statements, triggering bonuses to which they were not entitled.

The Crown also alleged that in Q4 2002 accruals were booked to deliberately move Nortel from a pro forma profit to a pro forma loss. The allegation was that this was done to "store up" excess accruals to be later released to fraudulently meet earnings targets and to trigger the payment of bonuses.

Nortel initially restated its financial results when, through a comprehensive balance sheet review conducted in the fall of 2003, \$900 million in excess accrued liabilities were discovered.³ Nortel's Audit Committee decided to restate its financial results a second time when WCP advised that "aspects of the prior accounting were not correct and raised the potential of earnings management".⁴ The second restatement produced different

MINORITY INTERESTS AND ETHICS



ETHICS AND MINORITY INTERESTS

- Minority shareholders can be taken advantage of by the majority
- Minority interests need protection and there are laws (the oppression remedy)
- CPAs are logical and understand this, but others often don't see this
- Have you have ever had to look out for minority shareholders?
- This is for three reasons perhaps:
- Because it is right, it is fair, because of justice
- Because of the relevant laws
- To ensure the majority doesn't get into trouble (you often work primarily for them)

ETHICS AND MINORITY INTERESTS

- Not a Code issue
- There is more visibility and protection for public company minority shareholders, than private



Magna drops racetrack plan

ROMA LUCIW >

PUBLISHED SEPTEMBER 16, 2004

This article was published more than 18 years ago. Some information may no longer be current.

COMMENTS

SHARE

MI Developments Inc. has decided not to proceed with a plan to privatize Magna Entertainment Corp., the racetrack and gambling unit also controlled by Magna International Inc. founder Frank Stronach.

The proposed plan led to an uproar among angry minority shareholders, who accused auto parts magnate Mr. Stronach of having a conflict of interest in the deal and argued that the two businesses were incompatible. Former No. 1 founder

AN EXAMPLE WHERE I WORKED

- Most shareholders of the company wants to do a costly tax reorg
- I point out that it benefits only the Canadian individual shareholders - zero benefit for Canadian corporate shareholders and foreign shareholders, it is unfair that all have to pay if the bill is footed by the corporation
- Example: \$500K bill, 80% of the shareholders benefit, 20% don't, paying the bill from the corporation is unfair to the 20% minority
- Either don't do it, or an ethical solution? Equalization payments
- The 80% will actually pay the 20%, \$100K in cash pro-rata outside the company, so it fair to all



\$

HAVE YOU AN EXAMPLE YOU CAN SHARE ON MINORITY INTEREST ISSUES?

13:16:27 From Candace Everyone:

Our client used an external accountant that only gave eligible dividends to the majority shareholders, not the minority shareholders (all owned same class of shares).

15:41:23 From Karen to Everyone: A lot of companies I have worked for are 100% owned by a pension fund or private equity firm etc.), so I haven't really had to consider minority interests or ethics in that regard. That said, it was interesting to hear your case on it and also that other people in the class had similar experiences surrounding those issues.

SCENARIO

- CEO is 56% shareholder of CMD, I am his CFO
- Corporation has two business segments, that drew in outside investors when they bought shares
- CEO now wants to exploit one business segment in his 100% owned company Newco, I keep telling him not to do it
- At a Shareholder's Meeting, he announces this, minority shareholders' start getting angry – what would you do as CFO?



Suggestion: Pause the tape and think about each case



ANALYSIS

- Do you understand the implications of this?
- Basically, minority shareholders owned 44% of a business, which has two segments, so they own 44% of each segment
- If the plan goes ahead, they will own 0% of the one of those segments, because it is moved into another company owned 100% by the majority shareholder
- Short of legal action, they can't stop this, because the CEO controls the shareholder vote and the Board



SCENARIO

- I tried to communicate that this can't be done but the following would be fine:
- Make shareholding of Newco mirror CMD
- Spin off the business line into a subsidiary
- Or pay a market value technology fee to CMD so it is fair to the other shareholders...with an independent valuation
- I felt strongly about this as I was a minority shareholder as well!
- Why did he do this: He was both greedy and dumb
- You asked what happened? I didn't get in trouble, but keep in mind the CEO was over 80...



13:20:23 From Travis to Everyone:

So in that case, it was just education to rectify the situation...[glad](#) you were the cooler head there Stephen!

ETHICS AND LETTING PEOPLE GO



SOME PEOPLE WOULD SAY FIRING, TERMINATING DOWNSIZING PEOPLE IS UNETHICAL

- (Not usually accountants)
- “They need a job, they can’t support their families, it is cruel, it is mean, it puts them on the street”
- I have some sympathy for some of these points, but I like to turn it around:
- You are saying that everybody should have a job for life, regardless of performance, job fit, behaviour, ethics, need for the position, financial situation of the employer, etc
- You are saying that shareholders should dig into their pockets to pay to keep these jobs when revenues won’t cover costs? Eg \$40M revenue company, \$44M cost, \$12M payroll...
- By not terminating 20 people, 200 people may be at risk of all becoming unemployed..

COMMENTS

- If companies can't maximize their profits, our economic system sort of doesn't work, winners are not separated from losers, etc
- (Countries where it is hard to shed people, have high unemployment rates, which actually hurts workers more in the long run....)

TERMINATING PEOPLE

- Have you ever had to do a really awkward termination?
- Do you have an example?
- Have you ever had to terminate a friend or relative?
- I have to be careful what I say, but in one situation, I decided to give the friend, not close, who I had hired, 2-3 months extra severance from my pocket, not the company's pocket
- I took it off my payroll for the tax saving, the company didn't mind, in fact liked it

13:22:32 From Travis to Everyone:

It's awkward when the one performing the termination is more upset than the person being terminated...it was super awkward.

13:22:41 From Allison to Everyone:

I once had to fire someone for poor performance. Right after I told her she was fired, she told me her husband had just been laid off the day before... ouch.

TERMINATING PEOPLE

- Have you ever had to do a really **awkward** termination?
- Do you have an example?
- Have you ever had to terminate a friend or relative?
- I have to be careful what I say, but in one situation, I decided to give the friend, not close, who I had hired, 2-3 months extra severance from my pocket, not the company's pocket
- I took it off my payroll for the tax saving, the company didn't mind, in fact liked it

For the dilemma where the person will not be able to support their family, see my course Ethics – That Feeling In Your Gut

CASE ON ATTESTING AND ETHICS



IN-DEPTH CASE

- You worked for the large law firm Endaly Smids LLP for the last 3 months. You have just moved from their accounting department where you were Assistant Controller, to their Immigration Services Division, which helps aspiring immigrants to start businesses thereby qualifying them for Canadian landed immigrant status. Your position is Finance Head with a staff of one Finance Admin Clerk. Your salary is \$185,000 plus \$1,500 per immigration approved by the provincial government. Most of the work relates to immigration to one province with easier to meet requirements.
- The law firm's ethics hot-line is answered by senior partner and co-founder Mel Smids, who originally championed the immigration practice headed by Partner P. White

THE PROVINCIAL PROGRAM

- Key conditions in a program include:
 3. (d)must invest at least \$150,000 Canadian dollars in a provincial company and control at least 1/3 of the company's equity
 5. (e) Actively and consistently manage the business from within the province, which must have at least 3 arm's lengths employees and contribute to the province's economy

CASE

- The provincial government is very short-staffed and has put out an Administrative Memo that says a Canadian CPA can attest to the applicant's compliance with requirement 3.(d) in the following format, so their personnel don't have to verify this requirement
- *I, CPA licensed under _____, do hereby witness that (Immigrant Investor) name has invested a least \$150,000 in (business name), located in the province _____, and such investment represented control of at least 1/3 of the equity of (business name)*

THE APPLICATION

- Immigrant Investor K's file is about the submitted to the Provincial government. You have seen a payment of \$150,000 to Provincial Tourism Inc. in exchange for 1/3 of the company's Common Shares, verified to the company's Shareholders' Register. Only Common Shares have been issued by the company to date
- Included in the file is an Unconditional Cash Back Agreement (UCBA), that states that within 40 days of K's investment of \$150,000 in Provincial Tourism Inc, a "cash back" of \$40,000 will be paid to K by the corporation. This document will not be submitted to the government

THE APPLICATION

- The Immigration Services Division, Head of legal I. Shapsy has written an internal only legal opinion for the file that concludes: *the existence of a post initial investment cash back does not disqualify the investment under Section 3.(d) of the Immigrant Investor Act, as at the time of the investment the criteria set out Section 3.(d) is met*
- I. Shapsy says the \$40K will be passed to the firm to cover its immigration service fees

THE MEETING

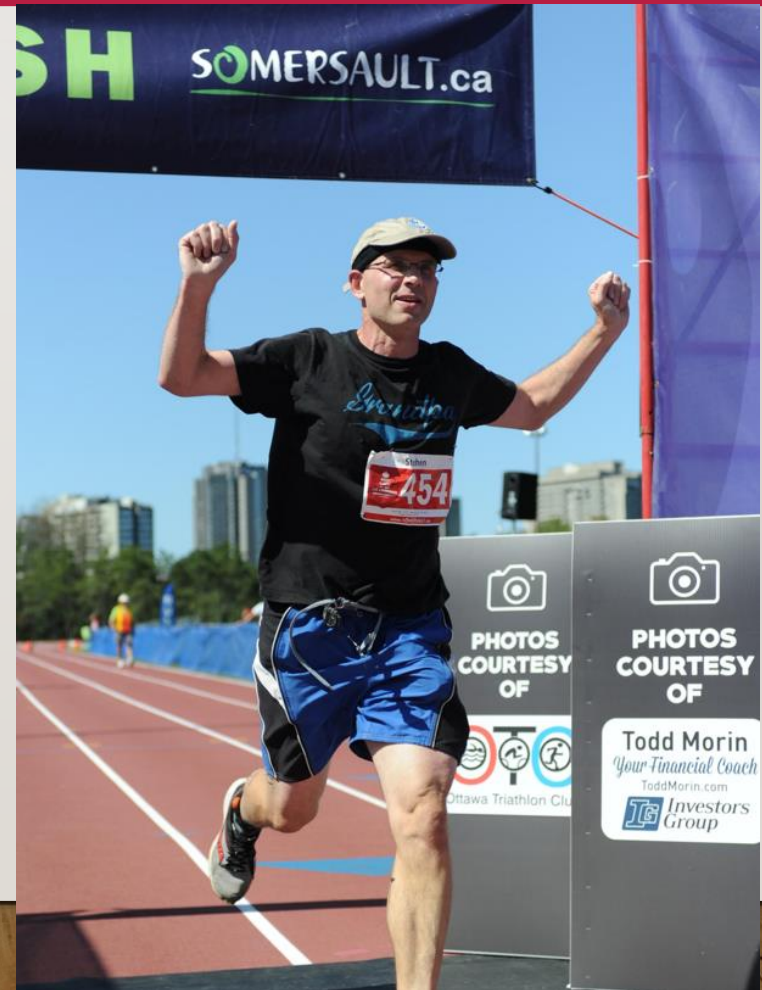
- You asked for more information about the UCBA and had a brief meeting on the file
- Immigrations Services Division Head P. White said “we must get this one through, they have a lot of wealthy relatives planning to do the same, you need to sign off on 3. (d) tomorrow?”
- Shapsy said that the cash back practice is “common in the industry”
- Your colleague G. Briibe, Head of government relations for the Division said nothing during the meeting
- Required: What should you do?
- **(For purposes of this case discussion, you cannot quit the job or ask to be re-assigned in the firm.)**

BREAKOUT SESSION IN WEBINAR

- Brainstorm on the topic
- Use your handout for the case facts
- 8 minutes
- Pick a Note Taker – the newest grad among you
- The Note Taker will take brief notes on the group's discussion live, and paste them into the Chat, when the time is up



I am required to wear this swim cap with my number for all triathlons...



PAST BREAK OUT THOUGHTS

13:38:30 From Celeste to Everyone:

Playing on the emotions is a red flag – as is the promise of future business.

Payment for each one that goes through is a conflict of interests.

The junior person who signed off would be blamed if they were caught. The tone at the top is not right.

13:38:56 From Sarah to Everyone:

Prov Tourism Inc is paying the UCBA - what is the structure / actual terms of this pmt?
Does it negate the \$150k from being considered an investment?

What are the actual legal fees? Is the \$40k legitimate?

Caution against the sense of urgency - dig deeper.

14:50:33 From Leslie: Chat room 2: Require the funds to be loaned to the immigrant shareholder, signed by the other partners. Option to have dividends earned by the immigrant shareholder pay back the shareholder loan first. If not acceptable, then we cannot sign the document.

INITIAL ANALYSIS

- Check your gut, it is probably reacting negatively, this is not good



ETHICS – THAT FEELING IN YOUR GUT

- Consider the role of your gut, versus analysis in ethical decision-making
- The risks of ignoring your gut
- What is your ethics gut and where does it gut come from?
- Ethics issue or professional disagreement?
- Truth in government funding documents
- Being ready to be fired for taking a stand
- Testifying against a former employer in court
- Ethics in the job interview – is the candidate strong on ethics?
- 2 hour video course

53% of CPAs in a survey I took regretted not listening to their gut re ethics...

INITIAL ANALYSIS



- Check your gut, it is reacting negatively, this is not good
- This seems to be a spirit of the law, versus letter of the law issue
- So what if others do this....
- You don't want to compromise your career

INDEPENDENCE AND ATTESTING

- Although this is not an audit, attesting for CPAs normally requires independence
- I am not even close to independent, I work for the firm that benefits
- Does the provincial government contemplate CPAs signing off who are employees for a paid advisor of the immigrant?
- Even worse, I get a bonus for each file approved, further weakening my independence...
- Therefore, contact the government about what CPAs they permit to attest
- Mention the bonus to them for full disclosure (although the firm may not like this)

INDEPENDENCE AND ATTESTING

- If they say only fully independent CPAs, this takes the issue off the table completely
- If they say CPA employees of the advisor can, as long as they don't have a related conditional bonus, then negotiate a much higher base salary with the firm and you would be eligible to sign off, but it still leaves other issues....

PROS

- Helps me get a \$1,500 bonus
- My boss will like this, the firm will like this
- It will mean less conflict with my colleagues
- The cashback is not explicitly prohibited in the legislation, since the loophole is there, let's take advantage of it until it is closed
- The cashback is not material??? (yes it is, it seems to drop the investment below \$150K)
- The government is so short-staffed they may never check the application

**Never be unethical to
just reduce conflict!**

14:54:00 From Laura: Chat room 5: we suggest a note is part of the file, signed by management, that this cash back is normal practice and that the firm has accepted the \$40k cash back to cover fees. Then CPA will sign the application. If management refuses this, then insist that someone else signs the attestation.

OTHER ANGLES


13:38:32 From Candace Everyone:

- Is it a real business?
- o Documentation on the business:
- o Was a valuation done?
- o How else is the business capitalized?
- o Who reviews the business plan?
 - UCBA – how being documented? Payment for services rendered, which is OK?
Should be documented by the business – ‘due from shareholders’
- What made up the legal fee of \$40K – all personal, or was some of this for the corporation’s legal fees? (is it fair that some of this is expensed by the Company vs. the individual shareholder

MORE ANALYSIS

- If this cash back is a temporary loan, maybe it won't taint the \$150,000 minimum
- But it doesn't seem to be a loan, the money ends up with our firm permanently
- Important question: was this the firm's idea, or the investor's idea?
- Check the files to see if anything like this has happened before
- You better read more of the Act, to be thoroughly familiar with it in relation to anything else that might impact 3.(d)
- Consider paying for your own legal opinion on 3. (d) as applied to the cash back

I have
done
this in
real life
in a
situation



SAFE OPTIONS?

- Sign the attestation, but footnote that your conclusion is based entirely on lawyer's opinion on the interpretation of the legislation, and you might be safe

13:42:28 From Celeste to Everyone:

I don't like the footnote attestations. Accountants and Lawyers should stand on their own opinions and not rely on that.

SAFE OPTIONS?

- Sign the attestation, but footnote that your conclusion is based entirely on lawyer's opinion on the interpretation of the legislation, and you might be safe
- Sign the attestation, but expand on what happened, so all the facts are clear
- *I, CPA licensed under _____, do hereby witness that Immigrant Investor K has invested a least \$150,000 in Provincial Tourism Inc. as of date _____, located in the province _____, and such investment represented control of at least 1/3 of the equity of Provincial Tourism Inc., but I note that under an agreement signed by these parties, \$40,000 will be repaid to Immigrant Investor K within 40 days after the date above*
- Your boss might not like the above, but you would be safer

POSSIBLE ALLIES

- P. White will not be an ally due to what they said, and they probably get a bonus like you, but even bigger
- You are fairly new with the firm, what is Mel Smids attitude toward ethics, would calling the hot-line be useful or not?
- (Ideally an independent person should answer the whistle-blower line)
- Briibe should not be judged for their family name. They said nothing during the meeting, so talk to them privately, they might be an ally and together you can argue with your colleagues
- (Lesson: Look for possible allies in tough situations, although there may be none...)

13:40:54 From Allison to Everyone:

Also, we questioned the motivations of G. Briibe - has he been bribed? In a similar vein, the \$1,500 per file bonus for the CPA is an incentive to sign attestations that impacts impartiality.

MORE ALLIES?

- Talk to your predecessor about the issue, if they can be trusted: experience, views, people dynamics...a little different if they have left the firm (confidentiality)
- Consider other possible allies in the firm, perhaps Endaly the other founder, or another senior partner

EXPOSE IT?



-
- Call the provincial government whistle-blower line about your firm doing this
 - Send an anonymous note to the provincial government whistle-blower line about your firm doing this
 - Call CRA and tell them to review the cost of the shares, after the cash back
 - Actually, all of the above probably violate confidentiality, rule 208.1/39 Quebec
 - Call the immigrant and tell them they are getting bad advice from your colleagues
 - This would not result in a confidentiality issue, but could cause a lot of problems with your boss
 - Call the provincial government whistle-blower line and tell them to scrutinize the industry practice, don't mention the firm or K - this may not violate confidentiality

LINES THAT COULD BE USED

- I have a professional obligation to not **mis-lead** (Rule 205, 26 Quebec) and I think the entire scenario considered, it is mis-leading to say they are investing \$150,000
- I am not clear on whether this would also impact the 1/3 requirement

KEY RULE, ALL OF CANADA EXCEPT QUEBEC

CPA Code of Professional Conduct

205 False or misleading documents and oral representations

RULE:

A member or firm shall not

- (a) sign or associate with any letter, report, statement, representation or financial statement which the member or firm knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor*
- (b) make or associate with any oral report, statement or representation which the member or firm knows, or should know, is false or misleading.*

EXTRA GUIDANCE THAT ONLY BC PROVIDES

GUIDANCE - Rule 205

- 1** A registrant who is not in public practice is subject to Rule 205 just as is the registrant in public practice. It is recognized that this may place such a registrant in a difficult position with respect to the organization employing the registrant or entities engaging the registrant's services. However, professional duty prohibits a registrant from being associated with financial statements or other information, whether written or oral, which the registrant knows, or should know, to be false or misleading.
- 2** When a registrant finds it necessary to become disassociated from false or misleading information, it would be prudent for the registrant to consider obtaining legal advice.
- 3** Registrants, and in particular students, are reminded that plagiarism and other forms of academic dishonesty are examples of association with false or misleading representations.

KEY RULE, QUEBEC

Quebec

26. The CPA must not prepare, produce or sign declarations, letters, certifications, opinions, reports, presentations, financial statements, opinions or any other statement or document, out of convenience or when he knows or should know:

- 1° either that they contain false or misleading information;
- 2° either that they omit or conceal information the omission or concealment of which is likely to induce in error;
- 3° either that they contain information not in compliance with laws, rules of the art or standards applicable.

In the same way, he must not associate himself with such statements or documents.


LINES THAT COULD BE USED


- “I have a professional obligation to not **mis-lead** (Rule 205, 26 Quebec) and I think the entire scenario considered, it is mis-leading to say they are really investing \$150,000”
- “I am not clear on whether this would also impact the 1/3 requirement”
- “Can you get Shapsy to fully explain the basis of their legal opinion?”
- “These applications are subject to future audit, if this is found to be off-side, our reputation could be shot, the business line could be gone, legislation changes could be made”
- Tell them to tell K to just pay \$40K more and ensure this is 100% clean
- Tell them that when the government comes to do the audit, you can do the talking

SUGGEST TO THEM THAT IT WOULD BE CHEAPER TO JUST BRIBE THE JUDGE!

Ex-judge sentenced to six years for taking bribes

INGRID PERITZ >
MONTREAL

 COMMENTS

 SHARE

A former Canadian immigration judge who fixed rulings in exchange for bribes was given a six-year jail sentence yesterday and a scolding that he had dishonoured Canada's immigration system.

Yves Bourbonnais oversaw a scheme to solicit as much as \$15,000 from newcomers to the country in exchange for favourable rulings.

"The scheme was like a pyramid, and he was at the top of the pyramid," prosecutor Lucio Garcia said in an interview. "It put the whole immigration system into disrepute."

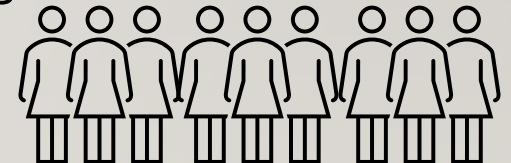
CALL A MEETING

- Call all the parties in the Division to the table for a meeting
- Including any potential allies (Briibe? predecessor?)
- Mention the F word
- This could be seen as fraud
- Do we want to be involved in fraud?
- People in my webinars seem afraid to mention this...
- Did you think of it?

I was the author who wrote the kiting fraud into a UFE case years ago, a lot of CA candidates missed it

CALL A MEETING

- The rest of this person's family will all want the same deal, this will never end
- When potential immigrants hear we bend the rules, they will all come to us
- We have to work this out, what is our practice going to be?
- Are you really comfortable doing this?
- Are you prepared to defend our work when the cash back is visible to the government?



INDEMNIFICATION

- Ask the firm to sign an indemnification, in case you get in trouble because it is their fault

Could reduce your financial risk but doesn't change the moral situation

AGREEMENT BETWEEN CPA AND ENDALY SMIDS LLP

In connection with the LLP's request that CPA sign off on the attestation set out in Exhibit I with respect to Immigration application of ____, LLP stands by the legal opinion of I. Shapsy, set out in Exhibit II, shall defend, indemnify, and hold harmless CPA from and against any and all loss, liability, penalties, damages of whatever nature, causes of action, suits, claims, demands, judgments, injunctive relief, awards, settlements, costs, and expenses including potential ~~fin~~es by CPA Province disciplinary committee, civil and criminal penalties actions and __ agrees to serve any jail sentence levied by the federal or provincial government, in place of CPA.

Signed: _____ Endaly Smids LLP

Signed: _____ CPA

Date: _____

Witness: _____

I thought of this, I have never heard of it in an ethics context...nothing in the Code prohibits it, I verified

TRY THE HEADLINE OPTION

- What do you mean Steve?

CANADA

Law firm Endaly Smids found guilty of immigration fraud

31 mins ago | 🗨️

WATERLOO REGION

Man charged with stabbing a professor, two students at the University of Waterloo remains in jail

6 hrs ago | 🗨️

FEDERAL POLITICS

Doug Ford says this mining region is a top priority. Ottawa doesn't necessarily



PROVINCIAL POLITICS

'I didn't see a list': Doug Ford distances himself from King's Counsel controversy

NOTE

- I have used a version of this method in real life, described in my course **Ethics – Where The Rubber Meets The Road** and with another fictitious example in **Ethics – That Feeling In Your Gut**
- You could find this useful, I am not joking, it worked in real-life

OTHER

- Make sure you have lots of documentation on your position and the discussions
- Consider talking to a CPA Ethics advisor (always a safe answer...)
- There are probably accounting and tax issues for the investee company, but that is not relevant here
- When CPAs “attest” to anything, be very careful
- Although this is not public practice, this could be helpful when thinking through the professional issues:
- [02775-RG-A-Framework-for-the-Decision-Maker.pdf](#)

CONCLUSION FOR ME

- I would refuse to sign off on this, and I would refuse to resign, and I would say “what are you going to do?”
- (The pros of cons of resigning versus getting fired in a situation like this, are discussed in **Ethics – That Feeling In Your Gut**)

13:39:50 From Allison to Everyone:

Ultimately, we chose to say "no" to signing the attestation. Although we could look further into it, the answer is still no. The investment is \$150k less \$40k, which is going straight to the law firm. Why are the legal fees \$40k on a \$150k investment? Seems quite high.

Past polling question,
would you sign?

Yes 0%

Need more info 87%

No 13%

REAL LIFE

- There is some inspiration from something in my career, nothing to do with immigration, but everything riding on a legal opinion
- A Canadian CPA who was found guilty of an immigration fraud, later took an ethics course with me
- I have assisted a friend doing a business immigration to the USA, - everything was bona fide
- A CPA I know well told me that law firms are making a lot of money on such programs in a Canadian province with more lax requirements
- A well-known Ottawa realtor suggested a shady cashback real estate deal to an in-law of one of our kids
- The person asked me for advice and I suggested she refuse it and she did



I KNOW MANY OF YOU ARE WAITING FOR A LAWYER JOKE...

- A lawyer drafted a will for an elderly lady. The fee was \$100.
- She gave him a \$100 bill, not noticing that it was stuck to another \$100 bill.
- On seeing the two bills stuck together, the lawyer debated the ethical question in his mind, “do I tell my partner?”



NOTE THAT THE HEADLINE METHOD

- May be useful in family/personal life

CANADA

Ten-year-old boy in Toronto arrested for being mean to his sister.

31 mins ago | 🗨️

WATERLOO REGION

Man charged with stabbing a professor, two students at the University of Waterloo remains in jail

6 hrs ago | 🗨️

FEDERAL POLITICS

Doug Ford says this mining region is a top priority. Ottawa doesn't necessarily



PROVINCIAL POLITICS

'I didn't see a list': Doug Ford distances himself from King's Counsel controversy

SHARE ETHICS STORIES

- The course will be more meaningful and helpful for all, if participants share ethics from their experience
- Feel free to type them in the Chat any time, related to the topic at hand or otherwise
- Don't need names, dates, just once upon a time...
- If sensitive options include:
 - - private Chat to me, and I will read it without your name
 - - change your name (Under Participants, click on three dots)

First one wins
a prize

WHEN YOU QUIT FOR ETHICS



WHEN I HAVE QUIT DUE TO ETHICS

- There is a job gap (it can be longer if the economy is slower)
- I made a resolution a long time ago, never to collect EI, I want to be self-supporting
- (People say I am crazy, it is insurance, you paid it into it, it is not like welfare....)
- I immediately ramp up my case-writing to support my family, and have done consulting
- I have published a case about every 5 weeks, for 32 years, 95% are 15 pages or more longer
- Lesson: it is good to have other sources of income if you can, to protect you and your family and obviously a spousal income helps

I am not suggesting all should case write!

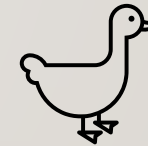
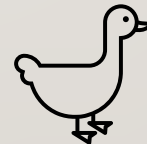
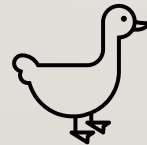
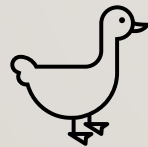
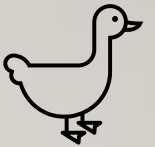
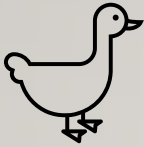


CPA DISCIPLINARY NOTICES



DO YOU EVER REVIEW DISCIPLINARY NOTICES?

- Majority of them are what I call sleazy small practitioners
- They must face practice review unlike accountants who are not in public practice
- (Would we be clean if we faced practice review of everything?)
- Client complaints are more likely to be filed against those in public practice
- Public practitioners: stand against pressure from sleazy clients



FIRMS DROPPING CLIENTS FOR ETHICS



HAVE YOU OR YOUR FIRM EVER DROPPED A CLIENT FOR ETHICAL ISSUES?

- It sometimes needs to be done
- Can you give us an example?
- Once I quit for ethics and the Big Four firm _____
- The other side is just not taking the client in the first place, good client acceptance procedures



HAVE YOU OR YOUR FIRM EVER DROPPED A CLIENT FOR ETHICAL ISSUES?

- It sometimes needs to be done
- Can you give us an example?
- Once I quit for ethics and the Big Four firm also dropped the client
- The other side is just not taking the client in the first place, good client acceptance procedures

14:15:22 From Erika Everyone:

I fired a family member as a client as they wanted me to file an erroneous tax return.

13:53:40 From Allison to Everyone:

Absolutely - a client that wanted to go back and change their personal taxable income to qualify for CERB.

14:05:55 From Erika to Everyone: I don't like clients that don't take your advice then whine.

13:46:32 From Celeste to Everyone:

It is very important when dealing with clients, not to sink to their level of ethics.



Prize

HAVE YOU OR YOUR FIRM EVER DROPPED A CLIENT FOR ETHICAL ISSUES?

- It sometimes needs to be done
- Can you give us an example?
- Once I quit for ethics and the Big Four firm also dropped the client
- The other side is just not taking the client in the first place, could client acceptance procedures

Prize

14:05:55 From Erika to Everyone: I don't like clients that don't take your advice then whine.

13:46:32 From Celeste to Everyone:
It is very important when dealing with clients, not to sink to their level of ethics.

Should you even
have them as
clients?

HERE IS A CLIENT WE DROPPED

- When I worked at KPMG
- It was a probably a good thing
- You may have heard of this client....
- BCCI!

WE DROPPED THIS CLIENT

WORLD & NATION

BCCI Case May Be History's Biggest Bank Fraud Scandal :
Finance: Losses from seized institution may reach \$15 billion.
Some Third World central banks could collapse.

BY SARA FRITZ AND JAMES BATES

JULY 11, 1991 12 AM PT

THE BIGGEST FINANCIAL FRAUD: THE HISTORY OF BCCI

Can we be certain that world-renowned banks are transparent and clean in their activity? Not really!

HOW DO YOU FIRE A CLIENT?...

- My favourite idea gets a prize

HOW DO YOU FIRE A CLIENT?...

- My favourite idea gets a prize in the webinar

13:54:53 From Sheri to Everyone:

suggest a better fitting firm.

13:55:05 From Loddie to Everyone:

Inability letter to the client

13:55:09 From Celeste to Everyone:

Let them know that you are unable to meet their specific expectations and that they should seek a firm that can do so

HOW DO YOU FIRE A CLIENT?...



- “Due to a change in direction of our firm, we can no longer serve you”
- “As a result of market forces and the evolution of our practice, we have had to triple our fee...”.
- “We have grown apart, I think we should split....”
- Engagement letter, we will drop you if _____ (discreditable behaviour in the sole discretion of the firm....)



HOW ABOUT THIS?

Revised Pricing

For accounting services for the year ending February 28, 2024, a 5% increase over the prior year

\$14,000

HOW ABOUT THIS?

What is this risk fee? (client)

Revised Pricing

<i>For accounting services for the year ending February 28, 2024, a 5% increase over the prior year</i>	<i>\$14,000</i>
<i>Client risk fee (new)</i>	<i>\$40,000</i>

You know very well what it is about...(firm)



OR PREVENT IT....

- Engagement letter, we will drop you if _____ (discreditable behaviour in the sole discretion of the firm....)
- Any more ideas?

ETHICS IN AN ACCOUNTING FIRM

1:22:01 From Graham to Everyone: my old firm was involved in a claim over a late filing 160k.

- Firm filed election late, I think Section 85, cost elderly client \$200K, no apologies, firm was glad that he was not alert enough to go after the Big Four firm
- A former Big Four Senior Manager, boasted to me that he used the date stamp function on the Canada Post machine, to fake back-dated submissions to CRA
- “I know a colleague who was appointed director of ethics (a non-partner position) at a Big 4 CA firm. After 3 years, they took stress leave and have never returned to work. So don't always expect praise from a Big 4 audit firm for your brave stand on an ethical issue.”
- “My audit of a client’s fund management process was being audited by another firm of auditors on behalf of the major customer. We found major problems and my audit manager asked me whether we should pull the conclusion sheet from our file. I answered that I had just qualified and wasn't going to sacrifice my career because of a client's errors”



Comments?

ARE YOU AWAKE OR?

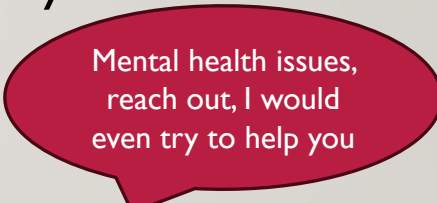


AN ASIDE



EXAMS

- Most of us have written high stakes professional exams
- I have lots of crazy stories about the stress, eg a fellow in Halifax committed suicide after writing the UFE, the year I wrote and passed (CA final exam)
- A colleague in my KPMG office, slept in the day of the School of Accountancy final exam (CA Ontario), he arrived 1.5 hours into a 4 hour exam
- It cost him a year of his life, leading to endless jokes at the office
- Many people have trouble sleeping before these exams, including me and my son
- I have created a lot of exam coaching courses in the past



Mental health issues,
reach out, I would
even try to help you

ETHICS PERSONAL REFLECTIONS



ETHICS – COINCIDENCES?

- I hear a guy (engineer) speak about business ethics at an event - it resonates with me
- Later I get to know him, and we are partly bonded by ethics, our daughter helps his wife in charity work, his wife becomes a friend to my wife
- He later fosters a kid we figure out is the sister of my adopted great nephews
- Then his wife dies suddenly while pregnant with their 4th, we have been supporting the family closely for the last 6 years, I meet him every 2nd week



ETHICS - REGRETS

- For me, some of it was the human side
- As soon as there were in ethical challenges in one company, **I should have** organized a well-planned sit down with the CEO to walk through ethics and our approach and whether we could work together
- It probably would have resulted in less stress and me leaving earlier voluntarily
- But this was looking back, I was in my 30s, my 2nd CFO job, I didn't think of it
- Have you ever mishandled the human side? What could be learned?

ETHICAL PERFECTION

- If you have never been unethical, in any way, personal or work, from birth to today, please type “yes” in the chat
- I can't type yes either

No one has
typed yes in
my webinars

UNETHICAL - ME

- I am working on a bridge job site, aged 20, because I refused to attend university
- One day I am eating big lunch and a new colleague is sitting there with no lunch
- I am very embarrassed to say, I ate my entire lunch without sharing it with him
- This still bothers me years and years later, was it ethics or....
- One day, one of sons came home from work and said....
- I try to be very generous now



THINGS COME AROUND

- Several times I have forgotten my lunch and money and went hungry, including while teaching a CPA course

WORK ETHICS AND PERSONAL ETHICS



ETHICS – PERSONAL LIFE

- Are there people who are scrupulous about CPA ethics at work, but are not ethical in the rest of their life?
- Are you only under the rules at work? No, you are actually a CPA 24/7
- You don't want comply with CPA Ethics, because you are under the rules, but have no ethics in your personal life
- Personal life criminal charges can of course impact your CPA, but I am going beyond that....
- Would the people who know you outside work describe you as someone of high integrity, even if they have never seen you at work?
- Or what I think, most who are sleazy in business, are likely sleazy personally...

CPA DISCIPLINE - ONTARIO

4. Rule 105 of the CPA Ontario Student Code of Conduct requires the prompt notification of illegal activities, including having been found guilty of a serious criminal offence, to CPA Ontario. The Student Code of Conduct applied to the Applicant at the time of his conviction. The Applicant did not disclose his conviction to CPA Ontario in a prompt manner.

- a. In his application for admission to membership, the Applicant answered “yes” to the question, “Have you ever been found guilty of a criminal offence or other similar offence for which a pardon has not been granted or are there any other charges pending against you”?
- b. In the questionnaire submitted with his application, the Applicant disclosed that he was convicted of simple assault pursuant to s. 266 of the *Criminal Code* in relation to an offence that occurred on June 15, 2019.
- c. On October 21, 2020, the Applicant entered a guilty plea in relation to the charge against him pursuant to ~~s. 266 of the *Criminal Code*~~.
- d. On October 21, 2020, the Applicant attended a sentencing hearing in relation to the charge against him. At the sentencing hearing, the Applicant accepted an accounting of the facts giving rise to his criminal charge, including that the Applicant grabbed the victim by the throat and delivered a single punch to the left side of the victim’s face, resulting in injuries to the victim including bleeding from the nose and left eye, a fractured left orbital bone, and a collapse of the eye into the sinus cavity.

1. Prior to admitting A■■■■ K■■■■ to membership, the Registrar shall be satisfied that A■■■■ K■■■■ has enrolled in, paid for the entirety of, and successfully completed CPA recognized course or courses, acceptable to the Registrar, of not less than a total of seven and a half hours related to the ethical obligations of a Chartered Professional Accountant.

YES, WORK AND PERSONAL ETHICS ARE TIED
TOGETHER



THERE IS AN OLD SAYING

- When you need surgery, you just want the most skilled doctor, you don't care about their religion, race, politics or anything else?
- I am not sure I fully agree, skill is important, what about their ethics?
- I just want the smart tax person
- I just want the most skilled dentist
- I just want the best home builder
- However, I think ethics should be considered

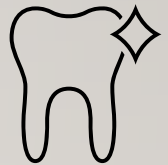
16:01:02 From Beth to Everyone:

Many years ago, a GTA surgeon was charged with murder. I saw comments on social media from some people who were scheduled to have surgery done by this doctor. These people were angry that he would not be available to do their surgery, because they would have to wait longer for surgery since they had to find a new surgeon.

JUST THE OTHER DAY



- I find I need a dental implant (\$5K)
- (How I will save over \$2.4K on one in Canada is in my course **Ten Practical Topics for Financial Leaders**)
- I try to book the procedure with the skilled dentist who did my previous implant
- The receptionist says he is no longer licensed to do implants
- I look him up on the dentist website, he has one criminal matter reported, he has one billing ethics disciplinary charge and more recently a professional misconduct charge
- Is skill the only thing you want in a dentist or another professional?



PERSONAL ETHICS – POST COURSE COMMENT

- “One of your examples reminded me of when I sold my first house, no agent, put a sign outside on a nice sunny day”
- “I accepted a verbal offer of the first person that saw the house, papers to be prepared a few days later. Later that evening , another visitor, and I was offered 10% more.”
- “I honored the verbal agreement to the first person, simply because I gave my word, and did not feel right to not do so”
- This reminds me of a Psalm: *who keeps an oath even when it hurts*

15:23:13 From Lana to Everyone:

Most realtors don't follow that philosophy, they take the highest offer until documents are signed by both seller and buyer.



SCENARIO

- Executives of company including me go for dinner at a restaurant after a successful year
- Something minor that the waiter did bugs one executive colleague I will call Byron and he absolutely lambastes the waiter – it was not justified, I have never seen this in my whole life
- The other executives including me are embarrassed
- In fact I am thinking...
- We will meet Byron later

Click here to
remove the
instructor

NOT SURPRISING

- In one career experience, a company challenged my company's intellectual property and was saying bad things about us in the industry (not the same story as in **Practical Tips for Controllers & CFOs** – where I have some interesting solution angles)
- Common sense said there was no violation, their IP position had no validity
- Our IP lawyer said absolutely no violation
- An IP litigator on my hockey team said the same
- Not surprisingly, the main player at the other company is apparently one of the most personally vile people I have ever heard of in my life (treatment of ladies, not criminal but....)
- Work and personal ethics are tied together



To continue this course, request a code.

Choose how you'd like to receive a **Verification Code**:

- SMS text**
Enter phone #
- Enter email**

SEND CODE

I HAVE HAD PEOPLE FROM COMPANIES WITH ETHICAL SCANDALS IN MY COURSES

- For example: Enron, Future Electronics, Siemens, Bombardier, Trudeau Foundation, EY, Pfizer, Magna and more
- A random chat with someone, his cottage had no electric meter or bill from the provincial hydro company then I found out who he bought it from, an employee of that organization had just taken a course with me
- I am pretty sure the people I taught were not involved in the ethics scandals

ETHICS AND BACKGROUND AND KIDS



BACKGROUND

- Most say they got their ethics from their family and upbringing
- This is discussed more in another of my courses

ETHICS – MORE THAN JUST THE CODE OF CONDUCT

A 2 hour video course that explores some different ethics issues (2.5 hour webinar)

- The rules/contract allow this - but is it right?
- Colleagues' actions and the association part of Rule 205
- Ethics problems between departments in the same organization
- Major Canadian CPA ethical lapses that are not well known
- The unreported revenue dilemma
- Will the auditors back you?
- Sanctions – should private companies punish players from certain countries?
- The subordinate who lies to you
- Approaches to diffusing difficult situations
- All kinds of specific examples and stories

QUESTION

- Can a person overcome an unethical/bad family background and be ethical? I would say yes, but it is not easy
- My grandfather had a bad father, whose contribution to his life was about 30 seconds
- His Mum was 15 when it happened, he married her when she was 16, he disappeared before my grandfather was born
- He had a rough life, without much input from his Mum, but became an honourable man, who was faithful to my grandmother for life and raised my Dad well
- I have seen it done quite a few times with people I know well

ETHICS AND KIDS

- If you have kids, I think you want to first model ethics and then teach them ethics (just like you should do with your staff/colleagues)
- “This is why Daddy/Mommy didn’t/did do this and it cost _____”
- Sometimes there is a great teachable moment about ethics, do you have an example?
- Many have something like “I stole a chocolate bar from the store, when Mum found out I had to go back and apologize and pay for it, I learned a great lesson”

14:21:10 From Marc to Everyone:

making sure my kids track tips to pay taxes on it

14:21:18 From Heather to Stephen Priddle (Direct Message):

I made my kids take back anything they took from the store too.

TEACHING ETHICS

- I have used teachable moments with colleagues/subordinates – **“here are the reasons/logic why I couldn’t ethically approve this/sign this...”**

EXAMPLE

- I had a job as a young teen delivering a free newspaper, and I was paid x cents per copy
- The newspaper company had allocated say 140 papers for the route, and I realized they probably over-allocated but I just dumped a lot in the lobby of an apartment building
- My Dad got wind of this and walked the route with me and made me reduce the number, I never forgot this



ANOTHER EXAMPLE

- ~10 year old Steve Priddle, throws his brother's toy into a toilet bowl
- It contained a lot of _____ and had not been flushed
- My Dad said “son, take the toy out”
- I said: “Yes Dad, I will just get a dishwashing glove”
- Dad said, no son, no glove for this job, do it now. I obeyed
- I never forgot this lesson!
- Do you have another good one, type it in the Chat



EXAMPLES

14:21:52 From Allison to Everyone:

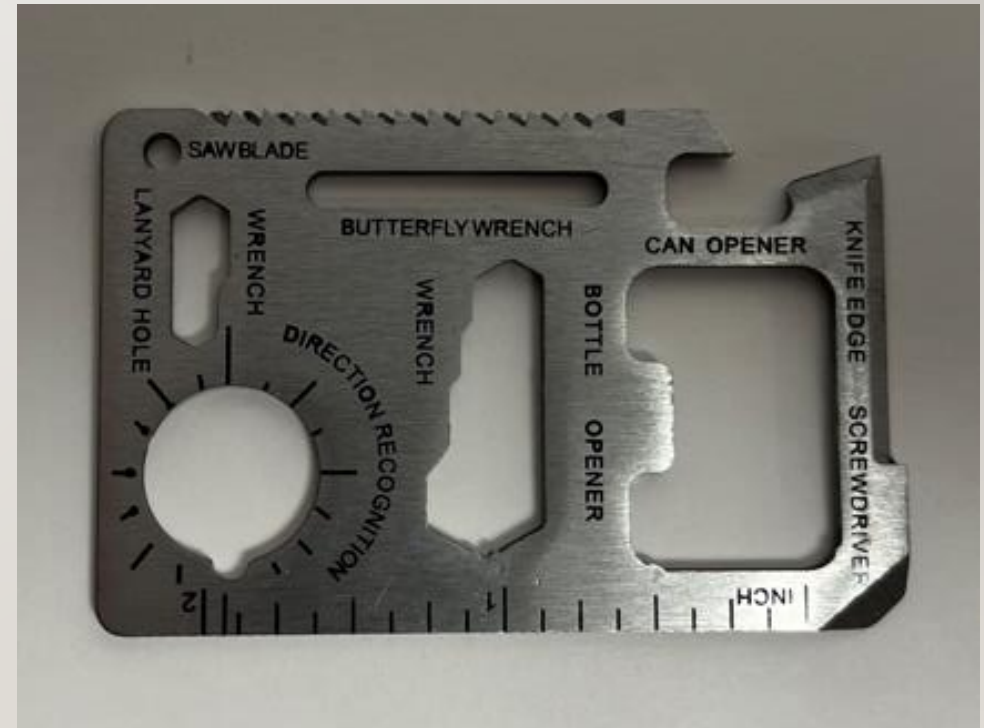
Had a friend who hit another car with her car door and left a sizable mark. She probably would have just driven off, but her kids were there so she left a note with her contact info because it was the right thing to do!

14:23:29 From Celeste to Everyone:

when I was young and my cousins were staying over, \$40 went missing from my mom's purse. No one owned up to it so we were all punished with a week of wood cutting and garden turning.

ONE WEBINAR PRIZE

- The credit card size multi-tool, 11 tools
- I carry one in my wallet all the time, so should you
- It can open any can
- It helped fix my bike in an emergency the other day
- and open a bottle
- Legal to be carried on Canadian flights



IN DEPTH CASE - THE PROPERTY MANAGEMENT COMPANY



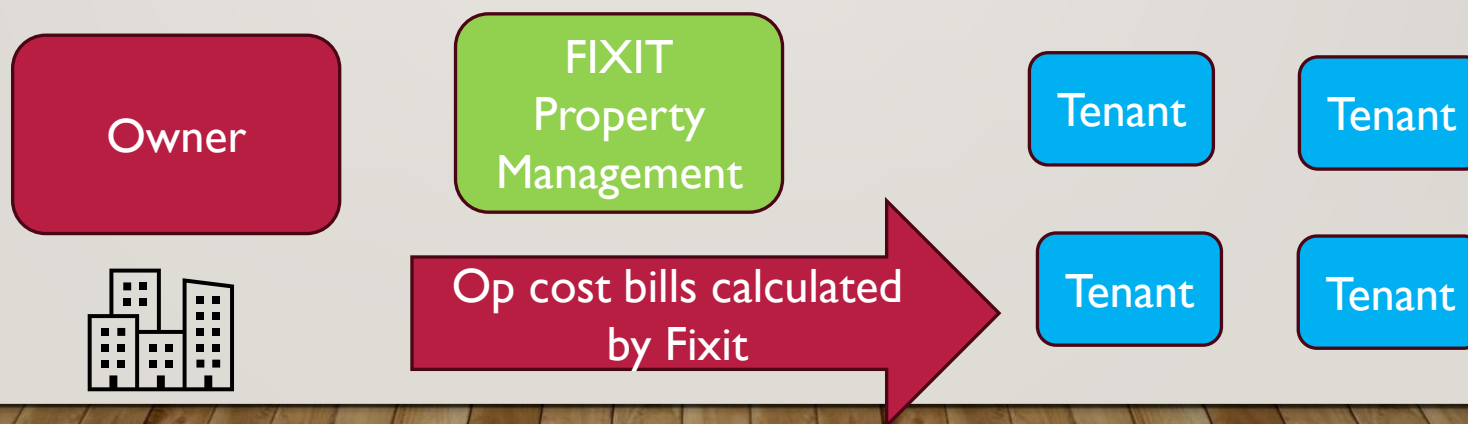
WE WILL NOW DO ANOTHER CASE WITH MORE DEPTH

- It was contributed by a previous webinar participant who didn't want to be credited!
- I made some changes to improve it...
- They partly wanted to see my reaction to the situation...

CASE



- You are a CPA and just started your employment as the Controller for a property management company named Fixit. Upon reviewing the lease agreement for Building A, under the management of Fixit, you notice that the Operating Costs calculations charges on net leases, previously completed by your boss at Fixit, were incorrect due to charging a higher share of operating costs when there were property vacancies. This resulted in the overcharging tenants of the building by approximately \$1M over several years.



CASE

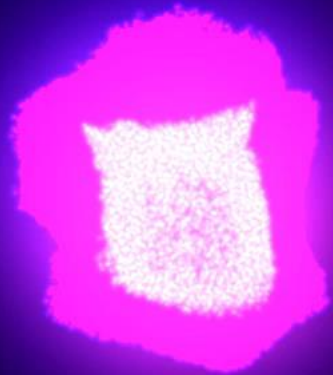
- You and the CEO of Fixit, your boss, meet with the owner of Building A on a regular basis. At the next meeting, you raise the issue of the tenants being overcharged. The owner of Building A, also a CPA, declares that since the calculation was completed by your boss at Fixit for many years, that it must be correct. Your CEO states that it is better for the owner to keep the calculation as is.
- After the meeting, the owner of Building A instructs Fixit to change the calculation going forward so it is in accordance with the lease agreement.



CASE

- At the next meeting with your boss and the owner of Building A, you raise the issue that the tenants are owed funds from the incorrect calculation of operating costs over a several year period. The owner of the building and your boss at Fixit dismiss your comments.
- What do you do?





CASE

- At the next meeting with your boss and the owner of Building A, you raise the issue that the tenants are owed funds from the incorrect calculation of operating costs over a several year period. The owner of the building and your boss at Fixit dismiss your comments.
- What do you do?



RESPONSES

14:27:30 From Celeste to Everyone:
would you have to restae the earnings for the year?

14:29:10 From Guy to Everyone:
It does impact the Balance sheet as there should be a large liability on it...

14:26:33 From Candace Everyone:
is it part of building up the contingency fund?

14:29:25 From Ian to Everyone:
Recommend to your client that they calculate and refund the current tenants. That should get most of the money back.

You are
playing the
wrong role...

ANALYSIS

- Amount would likely be quite material for tenants
- It is an incorrect calculation by your boss, before your time, given to a customer and used in billing by the customer, the owner of the Building
- This does not impact the financial reporting of your employer (unless the property management agreement makes Fixit financially responsible)
- Your CEO and Building A owner, a CPA, have admitted the calculation was wrong by changing the calculation going forward
- You may be associated with false information (Rule 205, 26 Quebec), but your defence would be it was there when you were hired

KEY ISSUES

- Check if similarly wrong calculations are done for any other tenants
- Check the system/master spreadsheet that does the calculations if the process is automated
- Was the wrong calculation done accidentally or on purpose?
- If on purpose, was it the idea of the Building A owner or your CEO?
- If on purpose, it is a big problem, that is basically fraud

ANALYSIS

- You may will be interfacing with the tenants for years, with this knowledge bothering you
- CEO looks unethical at least by not fixing this (if they did fix it, there still might be building owner issues, if they don't want to refund the tenants)
- Does Fixit have a **Code of Ethics** which could be used to argue with your CEO?
- If it is because the owner does not have enough cash, advise them to spread the payments, or spread the credit against future payment

MORE

- Building A owner looks unethical by not correcting the calculation and refunding the tenants
- Check the wording of the lease, and see what it says about operating cost calculation errors subsequently discovered - likely it will say adjust for them...
- This may have interest implications on late amounts for the landlord, depending on the wording of the lease
- You should state to both your CEO and the building owner that it would look very bad should any tenants or their accountants notice and question the rent change and the underlying calculations. The more tenants there are, the more this is likely
- It would mean significant reputational harm to both Fixit and the Building A owner in the community/industry should this come to light

1:25:22 From Todd to Everyone: I like the pragmatic arguments you bring up to help resolve ethical problems... reputation issues especially. It's always best to try to de-escalate the bad behavior and I find reputation is a very useful tool when dealing with unethical people.

MORE

- You have done your duty by pointing out the errors for all years, to your employer and its client
- Call building owner's whistleblower line if any (probably there is none if it is a small business with an involved owner). This may not be breaking rule 208.1/39 confidentiality as this is not confidential information to your customer
- There is probably no one to escalate this higher inside Fixit, since the CEO is involved. Consider talking to the owner(s)/Board of Fixit



MORE

- Telling the tenants would also not be breaking confidentiality and would make you feel better, as it is not confidential information for them, but your boss and client would likely terminate you
- (My grandfather once said in another context: **“I showed them the truth, and they showed me the door”** – that has happened to some of you as well...)
- Consider talking to a CPA Ethics advisor
- Make sure your positions and advice to all parties is documented in writing

Or you showed them the truth (bad results) and they got mad at you...

AUDITORS

- Is there any possible way, building A's auditors could help us solve this?
- Bringing it to their attention by talking to them, might not be breaking confidentiality, property management accountants need to talk to property owners' auditors, but verify this
- But you would likely get in trouble for this when found out
- Telling the tenant's auditors would probably be breaking confidentiality



FINALLY

Canada,
outside
Quebec

- Consider whether you should report the other CPA
- *Rule 211.1 A member or firm shall promptly report to CPA any information concerning an apparent breach of this CPA Code*

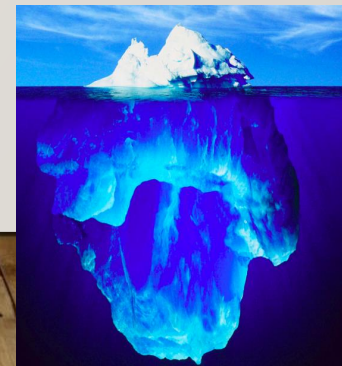
81

The CPA must inform the trustee when he has reasonable grounds to believe that another CPA is involved in one of the following situations:

- 1° the unlawful possession or use of sums money or other property held in trust;
- 2° participation in an illegal act during the exercise of the profession;
- 3° failure to comply with the conditions associated with its permit or limits imposed on his right to practice;
- 4° any conduct which calls into question its integrity or its skill;
- 5° the accomplishment of an act whose nature or seriousness is such that the protection of the public risks being compromised.

Quebec

- If they refuse to fix it, it might be time to look for another job



THE CASE CONTRIBUTOR

- This CPA shared that they had been through a lot of ethical struggles in several employers
- I have no doubt the case has a basis in real life, but they wouldn't confirm or deny it
- Most of the cases I have ever written, nearly 300 published, have a basis in real life, and are much longer, this is a mini-case
- If you want to share a case for a course, I could give you credit, including financial credit, if it fits...

A DIFFERENT KIND OF UNETHICAL BEHAVIOUR



UNETHICAL BEHAVIOUR

- Not treating everybody with dignity
- Young, old, race, religion, mental capacity and on, and on...even if we disagreed with the on some things in life...
- I saw my parents do this consistently
- Invited to our home were people of every
- Saying someone is “retarded” a common insult when I grew up, was strictly banned in my family along with swearing, we should never disparage these folks with such talk

CODES OF ETHICS ISSUES



CODE OF ETHICS

- It is great to have one, but they are almost always very general and generic and they must be followed!
- The real issue is how do you apply the principles at work

30% of a recent webinar audience had one

I think **Codes of Ethics** should include short case studies on how to apply it

Instead of lists of everything that could be done wrong, principles in the Code and then cases of situations that run afoul of those principles

- This helps the application, it drives the points home, like the cases in my courses
- Does your organization have a Code of Ethics? Does it have case studies? I have seen one that sort of had them, I can't share it, but it is a good idea

THE PUSH DOWN CODE OF ETHICS

- More and more I am seeing our customers say you need to follow our **Code of Ethics and Practices**, since you are a supplier (airlines and airports where we have leases)
- I am OK with a lot of things: don't bribe, comply with the local laws,
- But then there is: You need to have a policy on disposal of aerosols, your hiring practices must match ours, and 100s more things
- Practically, how do you disseminate and comply with hundreds of different Codes from all your customers, if you are required to?
- Does anyone face this? Is there a difference between a supplier that gets 70% of its revenue from the customer, versus 0.1%?

14:36:55 From Sarah to Everyone:

We deal with this at my current job. We work with Meta (Facebook) and have to go through rigorous codes of conduct / privacy policies, which are frequently being updated depending on what lawsuits / hot topics are in the news.

IS IT POSSIBLE TO HOLD FOUR GRANDCHILDREN, SIBLINGS AT ONCE?

- I will get to ethics in a moment



THEIR MOTHER, OUR DAUGHTER

- A story from one of my less well-known courses, **Practical Tips For Not-For-Profit Financial Leaders**



Carleton
University

MEDALLISTS IN THE GRADUATING CLASS

GOVERNOR GENERAL'S MEDAL

Awarded annually to students standing at the head of the graduating class at the undergraduate level

Donor: His Excellency the Governor General of Canada

Ryan MacDonell

Brendan MacDonell

Anna Elizabeth York-Lyon

Arts

Marc Bedard

Rick Cheshire

Cognitive Science

Dejan Milacic

Commerce

Esther Anna Priddle

Computer Science

Anthony Mark D'Angelo

ALSO UNIVERSITY
ETHICS AWARD \$1000

**STOP THEM WITH AN
INTERESTING TACTIC**



REAL LIFE SITUATION

- An executive wants to do something unethical in a company I worked at
- I say “no, you can’t”
- “But if you propose the following resolution to the Board, to approve it, you will be fine”
- But this was to make a point, the resolution sounded foolish and they backed off
- Lesson: show them the right way and how dumb it sounds, and it might dispose of the issue
- (I am well aware that not all Board are functional)

5:44:23 From Mike to Everyone: Having an unethical item brought to the Board...and sounding ridiculous, is brilliant.

ETHICS AND PEER PRESSURE



SOME OF ETHICS RELATES TO PEER PRESSURE

- Peer pressure doesn't just impact teenagers
- Pressure from bosses and colleagues to do the wrong thing, especially when certain practices are pervasive in organizations
- I have memories of succumbing to peer pressure as a teen some times
- You probably do as well...
- (We should be able to do stand stronger now, than when we were in our teens)
- Historically, peer pressure has done bad things in society, think



9:25:22 From Susie to Everyone: I definitely succumbed to peer pressure in my teens, but also like to think I do better now.

SOME OF ETHICS RELATES TO PEER PRESSURE

- But I generally have been too prone to following peer pressure
- Examples
- This resistance has helped me in the world of ethics



PEER PRESSURE

- We all need to evaluate our strengths/weaknesses in this area, are you more of a follower or a leader?
- How can you resolve not to follow negative peer pressure?
- For teens, I think the best thing is unconditional love and acceptance at home and strong family, so less pressure to do things to feel accepted at school
- (Positive peer pressure is actually a good thing, eg teens hanging around with good friends, rather than ones that will drag them down – the same with us at work)

TELLING THE TRUTH



I TELL THE TRUTH AND GET IN TROUBLE

- The management team of my company is doing a pitch for money to a Venture Capital firm



I TELL THE TRUTH AND GET IN TROUBLE

- (They re-assure you before you start that you have a 1 in 500 chance of getting invested in)
- After our presentation, a Venture Capitalist asks an important question we had not addressed
- **“What is your monthly burn rate?”** (i.e. how fast are you burning cash now/same as what is your average monthly negative cash flow?)

I TELL THE TRUTH AND GET IN TROUBLE

- I answered the true number, but the CEO and a key Board member present are absolutely furious after, as it was a high number, which makes us look bad to investors
- I was able to demonstrate that I gave out the right number
- Essentially, they would have wanted me to lie with a rather small number
- We should have discussed in advance, and agreed and said something honest like “\$X/month recently and now, but expect to get it to \$Y/month by _____”
- Lesson: advance discussions could have reduced the problem
- We later did lots of mock venture capital pitches to practice more, a good idea, but I eventually resigned the position due to ethics issues, including this...

I WOULD LIKE TO SHARE WITH YOU

- This is actually my last course ever
- I have decided to retire
- I just found I will be getting a large inheritance, so I don't need to work any more
- Yuliia Kadulina from the Ukrainian bank **UKRSIBBANK** contacted me recently
- She said that a relative I have never heard of called [Dimitri Priddle](#) died of COVID-19 in 2020 without a will or next of kin, leaving \$USD18.6 million

INHERITANCE

- I am delighted that I can receive this inheritance according to her:

My proposal is that since you share the same last name with the deceased client and I have exclusive access to his file, you will be made the beneficiary/next of kin of the funds. We can establish that you are the only available and sole authorized next of kin. I am prepared to guide you through the process that will lead to the authorization of the release of the fund to you as his next of kin. A next of kin can be legally identified by a bank if a deceased did not assign any, I know this may be heavy for you right now but please trust me on this, in the banking sector things like this happen, we see so much cash and funds being reassigned yearly. The other option is that the money will revert back to the state government to some corrupt top officials.

- She says I just have to pay a \$60,000 administration fee

15:16:26 From Ian to Everyone:

Oh, sure Steve... that looks super legit...

15:16:38 From Loddie to Everyone:

It got to be sacmmmer trick.

ETHICS AND CONFIDENTIALITY



SCENARIO

- You are very close to one of your best friends in life
- Their spouse is an extremely well-known business person and entrepreneur with a great reputation in the community
- Their spouse engages you to help with some accounting for their businesses
- To your shock, you discover their business is terrible, they are very bad businessperson, it is huge mess with cash flow problems
- You know that your best friend, although happily married, has absolutely no idea about this
- What do you do?

Click here to pay
the course fee of
\$410 plus tax

SCENARIO RESPONSE

- You and I would be extremely tempted to tell the friend
- You also don't want to cause marriage problems, but it might help the marriage, the business person may be under a lot of stress
- But you are on a CPA professional engagement with confidentiality required
- So what do you do?
- I would encourage the business spouse to be more open with their spouse
- Story came from a CPA job interview candidate who I eventually hired; I asked her to tell me an ethics related story in your career

SCENARIO RESPONSE

- You and I would be extremely tempted to tell the friend
- You also don't want to cause marriage problems, but it might help the marriage, the business person may be under a lot of stress
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- So what do you do?
- I would encourage the business spouse to be more open with their spouse
- Story came from a CPA job interview candidate who I eventually hired, I asked her to tell me an ethics related story in your career

14:53:03 From Celeste to Everyone:

know that someday you will be there to help the friend pick up the pieces.

14:53:04 From Karen to Everyone:

Avoid working with friends/ spouses of friends.

14:55:26 From Allison James to Everyone:

That story really makes you want to avoid public practice....

SHARE YOUR STORIES

14:59:33 From Celeste to Everyone:

And the insistence that they "know a guy" who does this all the time - have him do it then.

13:09:12 From Kitty to Stephen Priddle (Direct Message):

I witnessed an accountant being asked to run a shady process to meet a deadline. The accountant followed the procedure because he was too afraid to say no and lose his job. After a few months he got caught and got fired for not following the company policies, malpractice, and unethical behavior – the ones who actually developed the procedure were promoted for “finding the breach.”

13:09:38 From Alisha to Stephen Priddle (Direct Message):

I was asked to change my audit report so that a VP can get his bonus even though he didn't meet his target.

14:49:37 From Heather to Everyone:

For the most part, I could have never imagined the ethical situations I've ended up in so it is good to hear what other people do in ethical situations. In interviews for jobs I always tell them I will not do anything unethical but what I think is unethical may not match what other people think is unethical!

FALSE ACCUSATIONS



HAVE YOU EVER BEEN FALSELY ACCUSED?

- Prize for a story

14:57:13 From Guy to Everyone:
accused of being in on (unethical) issue

THE PRIZE IN THE LAST WEBINAR

- Includes: flashlight, pen, knife, scissors, screwdriver, magnifying glass, ruler
- Also credit card-sized



THE UNFAIR ACCUSATION

- In a Board meeting once, I said “let’s charge extra for _____ software feature we develop, the first time we will justify it by the extra development cost incurred”
- A Board member, a pretty ethical guy said: “That’s fraud”
- He was thinking I was suggesting we had incurred the development cost each time we charged
- It was just a misunderstanding....

UNFAIR ACCUSATION – A GUY IN MY COURSE

- “I am presently scheduled for a Discipline Hearing from a client complaint which has no substance, I have been in Public Practice for 55 years with no prior complaints. It is too easy for a client to complain over an insignificant difference of opinion and their lawyer makes a mountain out of a molehill”
- “The CPA Complaints Committee should conduct a more thorough evaluation of a complaint before recommending a detailed investigation”
- “I have spent over \$100,000 in lost time charges to defend myself with the potential for \$50,000 in penalties and/or hearing costs”
- “I am unable to plead guilty to a Sanction Agreement which would require me to admit to Negligence for an item to which I am not guilty. That in itself would be a breach of Ethical Conduct on my part”



I LOOKED IT UP

DISCIPLINE HEARING
_____, CPA, CMA AI _____ COMPANY,
CHARTERED PROFESSIONAL ACCOUNTANT

A Discipline Tribunal has been convened to conduct a hearing into allegations of unprofessional conduct regarding _____, CPA, CMA and Shelley & Company, Chartered Professional Accountants.

The Complaints Inquiry Committee alleges that _____, CPA, CMA and Shelley & Company, Chartered Professional Accountants are guilty of unprofessional conduct in that they, or either of them:

1. Failed to provide the accounting records of R&BA and their various family members and family farming operations ("the clients") to the clients or successor accountant on a timely basis; and
2. Failed to perform the professional services that they were engaged to perform with due care, in that they failed to prepare their clients' farm subsidy applications to the Agricultural Financial Services Corporation for 2016 and 2017 in an acceptable format or on a timely basis.

All of which is contrary to the provisions of the *Chartered Professional Accountants Act*, SA 2014, c. C-10.2, or the regulations, bylaws, Rules of Professional Conduct enacted pursuant thereto or standards of practice, constituting unprofessional conduct.



Looks like an
unfair
complaint to
me...

UNFAIR CONSEQUENCES OF AN ETHICAL STAND



IT IS UNFAIR

- Recent CPA comment: “we are sometimes put in difficult situations and will face unfair consequences by sticking to our code of ethics”

WHAT UNFAIR/NEGATIVE CONSEQUENCES HAVE
ARISEN TO YOU?



WHAT UNFAIR/NEGATIVE CONSEQUENCES HAVE ARISEN TO YOU?

- The most common is being fired
- “I've been in the situations in a company where certain president have taken advantage of their position to extrude personal benefits, hired their significant others and charged out travel, personal expenses, etc. to more than million dollars worth. I was there as an interim controller and was released from service while starting to uncover the "mess" there.”
- Or having to resign
- “I was asked to break into the office of a supplier – I quit”

EXAMPLES FROM YOU

14:56:07 From Celeste to Everyone:

I have certainly experienced isolation and teasing for my ethical views.

14:56:29 From Karen to Everyone:

Not personally but I know someone who stood up for unethical practices at the company he worked for, was forced out of the company and then blacklisted in the CPA community...still hasn't found a new job.

14:56:40 From Ian to Everyone:

I have lost friends over ethical issues.

14:57:13 From Guy to Everyone:

accused of being in on the issue

14:57:23 From Alisha to Everyone:

Bring refused pay raises for my team because we stood our grounds on an audit finding.

14:58:32 From Ian to Everyone:

All the time

14:58:38 From Kitty to Everyone:

yep

14:59:02 From Ian to Everyone:

Your lack of planning as a business owner does not count as an emergency on my part as your accountant.

FOR ME

- Angry email rant about a taxable benefit I insisted on
- Being told not to talk to the Board, the Board kept away from me
- Being kept away from the bank
- Being ostracized
- Not getting us much as stock options as others (possible)
- Aggressive talk against me
- Dirty looks

OTHER POSSIBILITIES

- Moved to a dead end job
- Passed over for promotions
- Don't get the bonus deserved

THIS REMINDS ME




UNFAIR

- “I just finished taking your pre-recorded ethics course (**Ethics – That Feeling In Your Gut**). I just resigned from my job due to ethical issues of my previous employer”
- I was depressed not because of the decision I made but because I invested so much in the organization.(My boss) believes that all of the other organizations are doing the same thing , i.e. manipulate reports to receive funding from the government and that **it's okay** to do it. It is what it is---**it doesn't matter if others are doing it, it doesn't make it okay to do.**
- Before I left, **I wrote the board** about all these ethical issues and deceitfulness done by the ED. **I never received a response from them.** It hurts to think that they don't care. That they don't value integrity and transparency in the organization.

Perhaps they should have tried to meet the Board in-person...

SAD, BUT THE BOARD MAY NOT HELP YOU

- "After watching your course, I know I made the right decision. It made me feel better that others went through the same experience as I did. I appreciate all the real life anecdotes on the course."
- (Telling the Board about issues is discussed in my course **Practical Tips for Controllers & CFOs**)



This kind of email
makes my day

MORE FOR ME

The facts don't care
about your feelings....

- My understanding of accounting standards questioned by non-accountants!
- My understanding of tax law questioned by people who know almost nothing about tax
- Shunned/excluded from discussions
- Slandered behind my back
- CEO said something like: “I think you should just stick to teaching”...because he didn't like my ethics
- I have been a successful CFO for more than 22 years since that comment - I teach on the side

HAVE YOU EVER BEEN ACCUSED OF BEING TOO MUCH “BY THE BOOK”

- I have, they used similar words
- We have a book, the Handbook
- I think it is generally a good thing, but don't be too narrow

CODES & STANDARDS - PURCHASE

C22.1-18

Canadian Electrical Code, Part I (24th Edition), Safety Standard for Electrical Installations

SKU: 2425666 | Published by CSA Group | Publication Year 2018 | 24th Edition | 937 pages



HAVE YOU EVER BEEN ACCUSED OF BEING TOO MUCH “BY THE BOOK”

- CPA working for top 10 Canadian company was told by colleagues, “you are more Catholic than the Pope” for simply following the company’s internal reporting rules which a division manager did not like

NOTE ALL THESE UNFAIR THINGS

- Are I think temporary
- We will talk about the good things that come from taking a stand later

I HAVE REALIZED THAT I HAVE MILD ETHICS PTSD

- Post Traumatic Stress Disorder
- Dictionary: *a mental illness following a very frightening or shocking experience, which usually involves feeling anxious and depressed and having frightening thoughts'*
- Not remotely on the scale of real military or abuse survivors
- I feel funny when the ethics fights start, partly physical
- The “here we ago again” feeling gets triggered, and I get dreams about fighting ethics issues



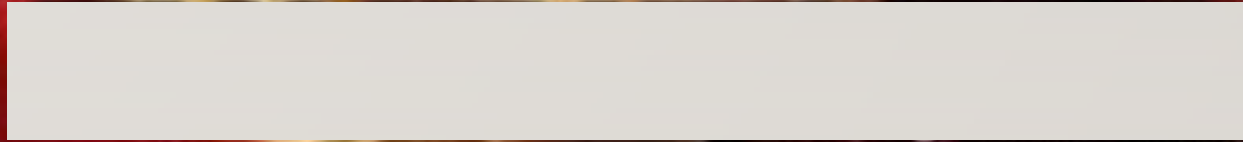
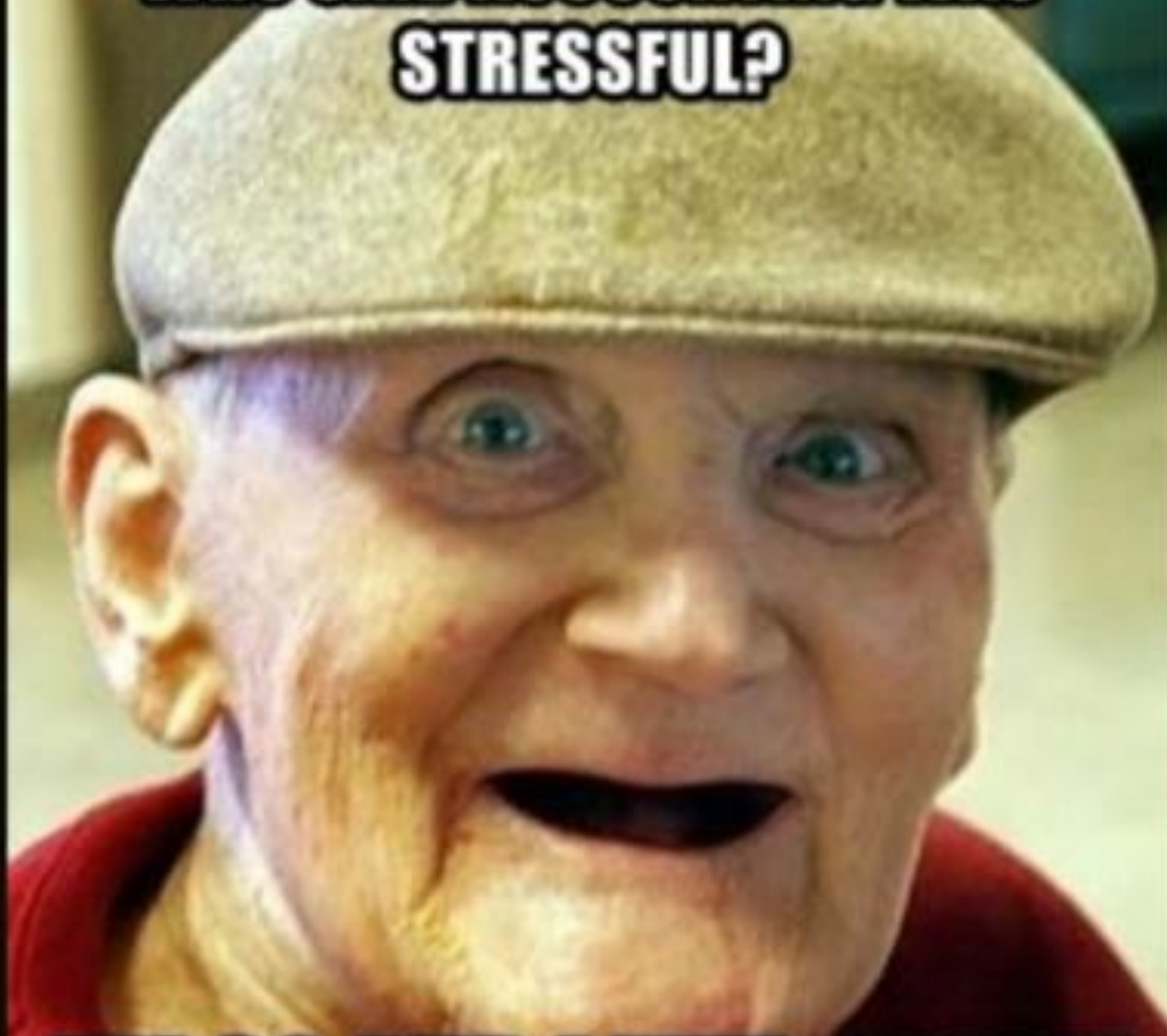
AM I ALONE ON THIS, OR HAS IT HAPPENED TO ONE OF YOU?

15:00:48 From Ian to Everyone:
I've had crazy sleepless nights too.

15:00:52 From Karen to Everyone:
Oh yes for sure.

15:01:00 From Sheri to Everyone:
sleepless, yes

**WHO SAID ACCOUNTING WAS
STRESSFUL?**



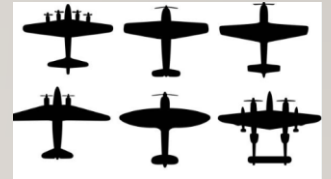
**WHO SAID ACCOUNTING WAS
STRESSFUL?**



I'M 32 AND I FEEL GREAT!

PTSD STORY

- We were in Bedford Nova Scotia when I was a teen
- The siren signaling that the volunteer Fire Department was needed, went off
- My Mum freaked out briefly, because it was the same as World War 2 bomb raid warning
- (My wife also experienced bombing during the Vietnam War)
- Many of also have mild PTSD from writing professional accounting exams, this is discussed in my course **Practical Tips to Improve Your Internal Financial**



Reporting



I ENJOY MEETING COURSE PEOPLE UNEXPECTEDLY IN YEARS TO COME

- A Controller I hired
- A guy on the train in Vancouver
- At an RV park in Florida
- **Say hello if you see me!**



WHAT ANIMAL BEST
REPRESENTS THE
ETHICAL
~~ACCOUNTANT?~~



WHAT ANIMAL BEST REPRESENTS THE ETHICAL ACCOUNTANT?

- Type in the animal, then reason, e.g. elephant, strong and immovable

15:03:20 From Ian to Everyone:

Honey Badger

15:03:23 From Sarah to Everyone:

honey badger - stubborn, determined.

15:03:26 From Sarah to Everyone:

Reacted to "Honey Badger" with 🤔

15:03:31 From Allison to Everyone:

something relentless

15:03:32 From Ian to Everyone:

Reacted to "something relentless" with 👍

Guard dog - protecting the assets and people.

15:06:06 From Allison to Everyone:

I had to Google honey badger. We don't have those in Newfoundland. 🤔

15:06:31 From Ian to Everyone:

LOL. There was a hilarious video [a number of](#) years ago that came out... it went viral.



I [actually asked](#) my spouse tonight what animal represents the ethical accountant.

We ended up settling on the cat would be the unethical accountant (at best, indifferent and at worst, cunning and ruthless) and the dog would be the ethical accountant (friendly - keeping in mind the "human aspect", and persistent like a dog with a bone).

SOME OTHER POSSIBILITIES



WHAT ANIMAL BEST REPRESENTS THE ETHICAL ACCOUNTANT



- My nomination, the skunk!
- They are courageous, I don't care what you do to me, I will not be intimidated
- We had skunks infesting the backyard and,,,
- I also learned during the battle that they are almost blind, let's not take the analogy too far, I have three sports referee sons...
- In university, our son-in-law missed school for a month due to being skunked

15:03:58 From Ian to Everyone:

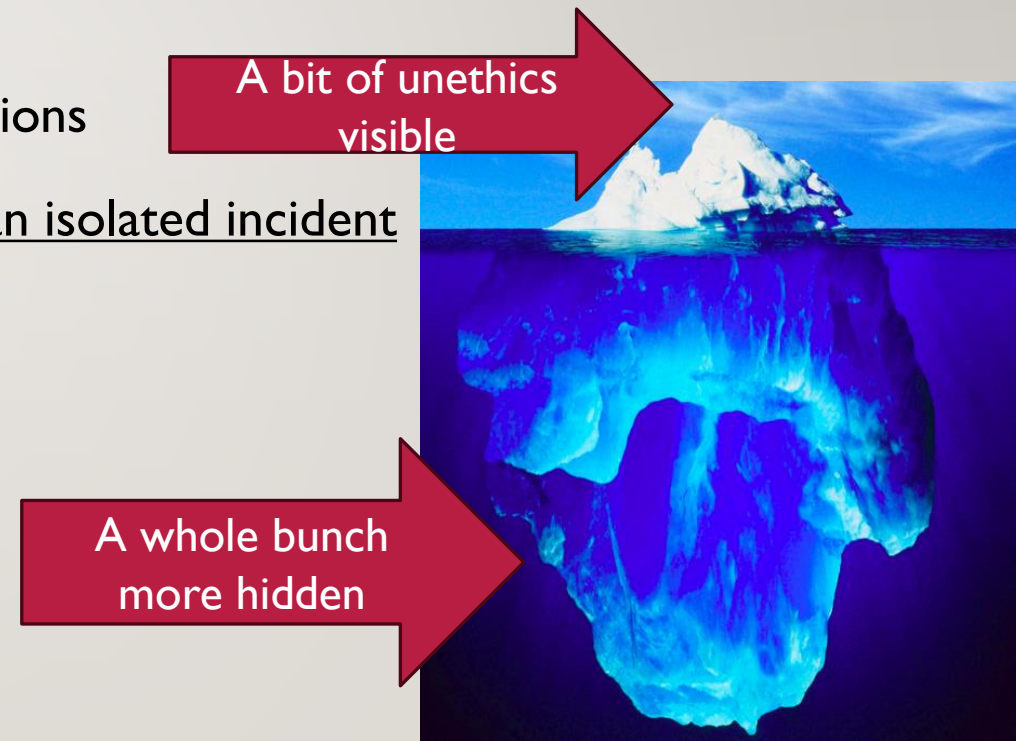
They're blind because the black and white... just like the ref's jersey.

THE ICEBERG ETHICS ISSUE, PEOPLE AND ORGANIZATIONS



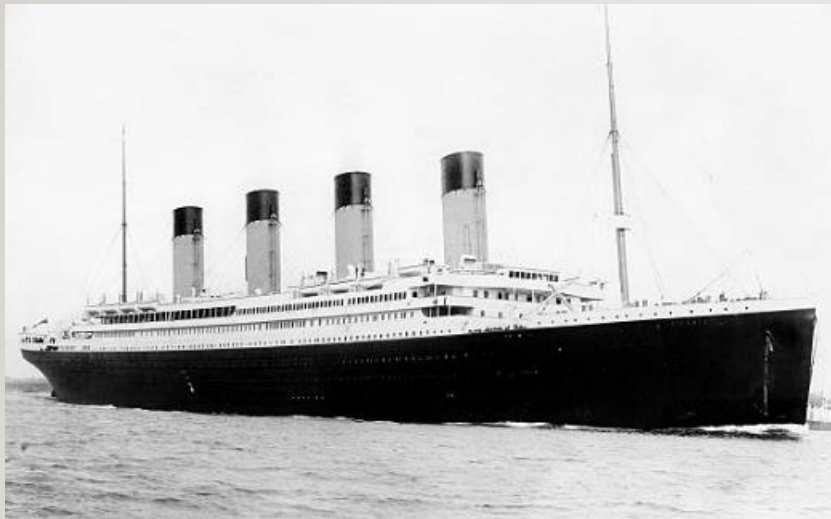
THE ICEBERG ETHICS ISSUE, PEOPLE AND ORGANIZATIONS

- What do I mean?
- You detect some ethical lapse, in people or organizations
- More likely than not it is the tip of the iceberg than an isolated incident



THIS REMINDS OF A JOKE

- What do Toronto Maple Leafs and the Titanic have in common?
- They both looked good



THIS REMINDS OF A JOKE

- What do Toronto Maple Leafs and the Titanic have in common?
- They both looked good, until they hit the ice...(playoff ice)



**SOMETIMES YOU JUST
HAVE TO GET THEM**



SOMETIMES YOU JUST HAVE TO GET THEM FIRED

A proverb says: *The integrity of the upright guides them, **but the crookedness of the treacherous destroys them.*** Treacherous = unethical destroys them = gets them fired and other things

COURSE COMMENT

09:38:37 From Michelle to Stephen Priddle (Instructor) (Direct Message):

I worked in public sector that was funded by taxpayer funds. The CFO was presenting misleading and incorrect FS to the Board. I had to have meetings with the CEO and then later present reports to the Board of Directors. The CFO was removed from her position.

ONE OF THE WORST BOSSES I HAVE WORKED FOR

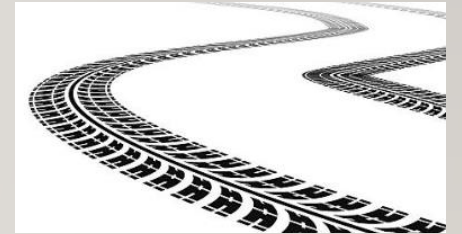
- I was considering a job under a certain CFO
- I knew a guy who worked at KPMG whose kids played hockey with ours, who had a senior finance job reporting to him about six years earlier
- I asked him for advice, he was very diplomatic, and just said: “I wouldn’t work for him again”
- I took the job, result: ethical fights, monumental disorganization, the line up to see him, never answered emails
- What a bank told me later: no one in city believe his projections any more
- Eventually he got himself fired, I never worked against him

14:16:38 From Valerie to Stephen Priddle (Direct Message):

I had a similar situation and I should have listened to the outgoing CFO. :-(

AN EXECUTIVE

- Executive colleague is overheard by me, saying: “Don’t tell your accountant what you don’t want him to hear”. What do you think of that, would do you trust him?
- Executive colleague is known to shout loudly for up to five minutes at co-workers
- We find he has regularly lied to his staff...
- Most everybody in the company has “tire tracks” on their back from him
- There are ethics and human issues from all of this, what is the result?
- I get him fired, for these and other reasons
- You may remember meeting Byron earlier in the course, at the restaurant, same guy, ethics outside the job are related...



ANTICIPATING A PROBLEM

- Sometimes, I can anticipate a scandal and stay away from a company/business, I could smell there was something going to go wrong
- I was always extremely skeptical about heavily hyped Ottawa company called Plasco “burn garbage and create electricity” and I was right
- I have long felt there is going to be a credit union scandal, they are kind of like banks, but smaller, and much less well-regulated
- Then it happened
- Do you have an example?

Ottawa

Plasco and city ink garbage-to-energy deal



Agreement would divert 300 tonnes of residential waste daily from landfill

CBC News - Posted: Dec 14, 2012 9:03 AM EST | Last Updated: December 16, 2012

The City of Ottawa and Plasco Energy Group signed off on a contract Saturday to divert residential waste from landfills and use it to produce electricity.

The 20-year, \$180 million contract Saturday could see upwards of 300 tonnes of residential waste per day diverted from landfills, converted to gas and burned to generate electricity for the city's grid.

Ottawa

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Plasco doesn't meet 3rd financing deadline; city contract in question



Waste-to-energy company had until Dec. 31, 2014, to come up with money for plant

ANTICIPATING A PROBLEM

Ottawa severs ties with Plasco as company files for creditor protection

Plasco Energy Group Inc., the company once hailed as the future in waste management for the City of Ottawa, has filed for creditor protection.

ANTICIPATING A PROBLEM

Plasco to file another extension of bankruptcy stay

Joanne Laucius

Published Dec 11, 2015 • Last updated Jun 03, 2020 • 1 minute read

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Decommissioning the Plasco Energy plant on Trail Road is still on track to be completed by the end of December. PHOTO BY CHRIS MIKULA /Ottawa Citizen

The failed waste-to-energy company Plasco Energy is expected back in court next week seeking an extension of its protection from creditors so it can “wind

ANTICIPATING A PROBLEM

PACE credit union finds more fraud in its lending books



Well beyond a bank.



Web of deals: PACE credit union executives committed civil fraud with years of 'secret' payments, regulator alleges

ETHICS AND COURAGE



LET'S TALK ABOUT COURAGE AND ETHICS

- **We need to stand up to any practice that we considers unethical even if it means going against countervailing pressure to do otherwise.**

COURAGE

- Courage to say no to your boss, I am not going there
- Courage to say no to the CFO, I am not booking that entry
- Courage to say no to the CEO,
- Courage to say no to the owner, I am not transferring the money
- These stories are interspersed in many of my other courses
- Many of you have displayed courage like this before
- Some of you will have to one day, and I hope this helps

Recent video course feedback, my course **Ethics – More Than Just The Code of Conduct**

Yes, course met expectations, 10/10 rating. I enjoyed the course; it made me realize I'm not the only one facing these difficult situations and COURAGE is a key word here. I've had many sleepless nights to gather enough courage to take a stand.

15:09:46 From Candice to Everyone:

so true: Knowing right from wrong is easier than instilling the confidence in ourselves/our teams/families to CHOOSE right from wrong.

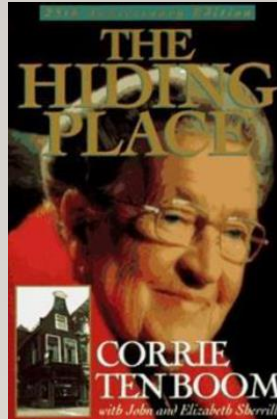
COURAGE

Steve, what are you doing, why is this picture here?



COURAGE IN ACTION

- I am speaking on moral ethics courage to Netherlands accounting audience, the photo was taken the next day
- It is in the home of a courageous Dutch family, the Ten Booms who hid Jews during World War 2, to save them from the Nazis who killed 6 million
- They hid them behind this wall, and this is the hidden entrance
- This action cost the lives of three of the family members
- The survivor wrote a book on the story
- Lesson: use inspiring people/stories to inspire to take an ethical stand in business and the cost will not be as high



The book was mandatory reading for our kids growing up....

COURAGE

- One day a person close to us calls
- I need you to kick my boyfriend and father of my 3 kids out of the house I own
- He has not had a job for years, and is a bit of gangster
- So the wedding pictures were not real? And you were pretending about his job? You didn't listen to us about 25 years ago, to stay away from this guy
- “Can you come down now and do it, and by the way he owns a gun...but I don't know where it is”



TALKING ABOUT GUNS



- I was cycling in the dark recently, and someone shot me
- It was with a pellet gun, it hit me in the arm, didn't penetrate
- Police sent two cops to interview me at 12:30 at night
- I think it must have been some teens being foolish....I have no known enemies!
- I wasn't afraid, traumatized, I thought it was kind of funny



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 Teen charged after firing pellet gun at school buses
 in Mississippi Mills area

THE OLDER I GET

- The older I get I realize that I need more wisdom
- Wisdom for the complicated multi-faceted human issues associated with ethics
- We need wisdom more than brains, knowledge, google searches
- We need wisdom to evaluate google searches and AI results
- Wisdom in difficult people situations, parenting situations, marriage and more
- Wisdom is in part evaluated experience and good judgement

Proverb: How
much better to
get wisdom than
gold

THE OLDER I GET

- I didn't have a lot of wisdom when I was young, did you?
- I see lots of young people full knowledge but lacking wisdom
- Do you agree?
- My courses try to help teach wisdom from my experience

SOMEONE'S TEACHER SAID

- “Today, my friends I'm sending giving you two exams: the first in **geometry**, the second in **honesty**. I hope you will pass both. If you fail one, then preferably in geometry. You will have more opportunities to apply the principles of honesty in your career than geometrical theorems.”

Comment from me: geometry is just knowledge, honesty relates to ethics and wisdom and more

WE TALKED ALL ABOUT THE UNFAIR THINGS THAT
COME FROM TAKING AN ETHICAL STAND



**GOOD THINGS THAT
COME FROM YOU TAKING
AN ETHICAL STAND**



LET'S BRAINSTORM SOME GOOD THINGS THAT COME FROM YOU TAKING AN ETHICAL STAND

15:12:53 From Sheri to Everyone:

company can improve itself by taking an ethical stand or by listening to one.

LET'S BRAINSTORM SOME GOOD THINGS THAT COME FROM YOU TAKING AN ETHICAL STAND

- Have a clear conscience
- Sleep better at night
- Example for our children and family if possible/applicable
- Improve your reputation
- People will trust you more

ETHICS DO YOU MORE GOOD THAN YOU REALIZE

- Sitting on our Board is the guy who used to run Canada's largest venture capital firm. An engineer, MBA, CFA who I interacted a lot with at Board meetings
- After working with that Board for 7 years, the CEO told me something like: “he really likes and trusts you, he has seen so many CFOs in this world, who blow a lot of smoke and can't be trusted”
- I actually didn't know this, I just did my job
- A later called him up for a favour, he was happy to oblige
- He is now a CEO, he has raised 2/3 of a billion dollars for the company



I BENEFIT FROM MY BROTHERS' ETHICS

- Whenever I needed a certain guy for architectural work, he is eager to oblige
- The reason is he had such good experience when working for two of my brothers when they were in residential construction
- He said to me, “they were the only construction firm that I could refer people to, and never face any embarrassment”
- When they were in construction, trades people were happy to work for them, because they never jerked them around and or stretched payments to them
- So the fellow was very happy to work with me and be very reasonable



MORE GOOD THINGS THAT COME FROM TAKING AN ETHICAL STAND

- Find unexpected allies in your employer
- Get you jobs - I think it got me a few
- Unemployment – more time with family, travel
- For a discussion on the related topics of winning in the end on ethics, see my course **Ethics – That Feeling In Your Gut**

MAKE SURE YOU LISTEN CAREFULLY IN ETHICS
COURSES AND APPLY WHAT YOU LEARN



I LEARNED ABOUT ETHICS FROM STEPHEN PRIDDLE

- There was two hours of content on all kinds of angles related to ethics
- It was quite good, I learned a lot
- I asked him for a copy of the completed slides
- Unfortunately, I didn't apply what he said
- You can read about me four times....

IN THE DISCIPLINARY NOTICES OF A PROVINCE

failed to establish, maintain or uphold appropriate practices, policies, or procedures designed to ensure that employees who are associated with [redacted] LLP or who provide professional services on behalf of [redacted] comply with the generally accepted standards of the profession and the CPA Alberta Rules of Professional Conduct, in that:

- a) the work of its partner [redacted] as not adequately supervised in relation to the professional services provided to [redacted]
- b) [redacted] P c [redacted] U.

2 [redacted] LLP associated with a non-registered [redacted] who did not abide by the CPA Alberta Rules of Professional Conduct and was not in compliance with the generally accepted standards of the practice of the profession with respect to the professional services provided to [redacted] and their corporation, [redacted] and Alberta Co 1.

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CONCLUSIONS FROM WEBINAR PEOPLE

15:11:54 From Ian to Stephen Priddle (Direct Message)

Are you developing an ethics course surrounding Chat GPT?

2:01:23 From Ken to Everyone: Ethical dilemmas are rarely straight forward and when there is money/profit/reward/peer pressure/jobs/etc. involved it becomes even more difficult to sometimes make the right decision or ask the right questions. I think your courses make it clear...putting your head down and saying it wasn't my decision is not a valid option which I think is an important message.

15:49:33 From Jock to Everyone: A great course - I am leaving the course still running through some of the situations in my head or what I would/should do, which is a good sign that it was thought provoking.

14:08:54 From Celeste to Everyone:

if you are not an ethical person, ethics courses will not fix it, they will only show you how to hide it.

14:14:03 From Candace Everyone:

need to think about your personal brand as a CPA.

5:44:23 From Helen to Everyone: One of the items you touched upon was really also crucial in my opinion and it is the idea of 'intent' - I have found that most of us want to do the right thing, and mistakes happen - so identifying drivers of action is crucial to fine-tune our response to potential ethical challenges.

I ALSO HAVE SUBSTANTIAL, DIFFERENT ETHICS CONTENT

- In many of my other courses, and in my ethics only courses
- Nearly 50 hours of other course material

ETHICS – WHERE THE RUBBERS MEETS THE ROAD

2 HOURS

What are the problem areas?

Gray or black or white?

The greatest Canadian accounting/business crook

The gradual slippage into ethics trouble that sometimes happens

The over-bearing, no one dares to question company founder

It doesn't break a law, but it breaks the code

Ethics when you leave Canada

Making your standards clear at work

The strategy of playing dumb

Re-explaining the situation to win over colleagues

Documenting your ethical position

Codes of Ethics – are they helpful?

False & mis-leading issues and complications

Ethics and forecasting – I bet you didn't know this angle

Invoicing to get around the over budget contract

Government procurement fraud

Its already approved, but unethical...

MORE TWO HOUR COURSES

- **Ethics – More Than Just The Code**
- **Ethics – That Feeling In Your Gut**
- **Practical Work Smarts for All**
- **Practical Work Solutions from Case Discussions**
- **Sharpen Your Business Loan Negotiating Tips**

OTHER COURSES

- **Practical Tips for Controllers & CFOs**, over 11,000 have taken it, 7 hours
- The NFP and Government accountant versions of this course:
- **Practical Tips for Not-For-Profit Financial Leaders**, 6 hours
- **Practical Tips for Government Accountants**, 6 hours
- Each includes one hour of ethics content

MORE COURSES

- **Practical Brainstorming - Top Ten Trouble Spots and Other Useful Topics for Financial Leaders, 4 hours**
- **Ten Practical Topics For Financial Leaders, 4 hours**
- **Practical Tips to Get Through Cash Difficulties, 2.5 hours**

SHORT COURSES

- **Practical Tips to Improve Your Internal Financial Reporting** 1.5 hours
- **Practical Foreign Exchange Management**, 1 hour
- **Practical Contract Review Tips** 1 hour
- **Ethics – Some Different Angles**, 1 hour
- And more courses are being developed

CLOSING COMMENTS

- Thanks for taking this course
- Email me to pick my brain or feedback spriddle@bell.net and to get completed slides
- We could do LinkedIn
- Have courage to take an ethical stand all the time
- I feel another ethics course coming, stay tuned...

PRACTICAL
PD

