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**PUBLIC TRUST:
HOW DOES THE ACCOUNTING INDUSTRY STACK UP?†**

Public interest in unethical behaviour within the accounting industry has been gradually increasing over the last several decades. As a result, it is paramount that measures be taken to ensure accountability for ethical violations and to re-establish ongoing trust. Currently, the accounting industry is regulated solely by professional organizations. Consequently, it is important that the accounting industry adhere to a strict code of ethics and have a consistent disciplinary process to maintain public trust. The purpose of this paper is to review the three former Canadian accounting bodies (CA, CGA, and CMA) in Ontario to 1) explore the concept of maintaining the public's trust; 2) discuss potential factors that have contributed to the occurrence of unethical behaviour; 3) determine whether fines levied by the accounting regulatory bodies could be considered as sufficient deterrents and 4) discuss how financial crimes may be further eroding the public's trust.

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Introduction

Public awareness of unethical behaviour in the accounting industry has greatly increased over the last several decades (Ameen, 1996; Suddaby, Gendron, & Lam, 2009; Wyatt, 2004). As the media plays a role in shaping the beliefs of the public, the public has become more interested in accountants' accountability. The public is beginning to view white-collar crime to be as harmful as street crime, and punitive measures taken against accountants largely match the demands of the public (Michel, 2016). Inevitably, unethical behaviour results in significant, long-term damage to our society through lost pensions and stock market instability, because we live in a society that publicly trades stocks, bonds, and other securities. Thus, the accounting profession plays a crucial role in protecting citizens from financial crime and fraudulent reporting.

Although Chartered Professional Accountants (CPAs) must adhere to a code of generally accepted accounting principles and auditing standards, their governance is an area of concern to Canadians. While public concern about unethical behaviours in the accounting industry had been steadily increasing over the last several decades, several major accounting scandals in the early years of the 21st century have caused this concern to rise sharply in recent years (Leonard, Bélanger, & Wardley, 2016). Unfortunately, the public rarely get "the whole picture" because the media and the popular press are more inclined to focus on their own priorities than to be a source of education. "If accounting scandals no longer dominate headlines as they did when Enron and WorldCom imploded in 2001-02, that is not because they have vanished but because they have become routine" (The Economist, 2014). With this in mind, it is more important now than ever before that the public's trust be won over by the accounting industry.

The apprehension that Canadians are experiencing is based on the nature of the particular set of skills necessary to audit accountants' behaviours. Having the ability to identify any wrongdoing by accountants requires an in-depth knowledge of accounting. The most cost-effective way to regulate the profession is to employ accountants who already possess the needed skills and capabilities, instead of attempting to develop these skills in a non-accountant regulatory board. Therefore, self-governance seems to be the most logical solution to regulate ethical behaviour in the accounting profession. Currently, the accounting industry is completely regulated by professional organizations (Gorman, 2014). For this reason, it is important that the accounting industry adhere to a strict code of ethics and have a consistent disciplinary process to maintain the public's trust; the consequences of criminal activities must be clearly defined and outweigh the benefits received.

It is also important to improve crime prevention methods, and to identify and analyze the societal structures that allow criminal behaviours by accountants to occur, as conflicting views exist about which structures are responsible. Increasing the protection of societal interests may decrease the protection of accountants' self-interests (Finn, Chonko & Hunt, 1988; Hilary & Lennox, 2005; Trevino, Weaver, Gibson & Toffler, 1999). This conflict of interest could create issues within the self-regulation process. If the accounting regulatory body reports all the transgressions of its members, the media reports of these misconducts could possibly cause the public to devalue the profession.

The objectives of this paper are to 1) explore the concepts of maintaining the public trust and public perceptions of white-collar crime in the accounting profession versus street crime; 2) discuss potential factors that have contributed to the occurrences of unethical behaviour; 3) determine whether fines levied by the accounting regulatory bodies could be considered as sufficient deterrents; and 4) discuss how financial crimes may be further eroding the public's trust.

Ethical Standards of the Chartered Professional Accountant Profession

The Chartered Professional Accountants (CPA) of Canada, with approximately 210,000 members across the country, is an amalgamation of the three former major accounting designations: Chartered Accountant (CA), Certified Management Accountant (CMA), and Certified General Accountant (CGA). On the CPA Canada website, members are described as “broad-minded, forward-thinking professionals who undertake appropriate analysis, exercise good judgment, communicate effectively and act to protect the public interest” (CPA Canada, 2017). Members of the profession know that they need to protect and uphold the public interest. Their website states that “the public interest is served by common codes of conduct, disciplinary systems and licensing regimes” (CPA Canada, 2017). In June 2014, the CPA established a Public Trust Committee (PTC) to oversee the ethics standards and self-regulatory processes of the CPA profession and to protect the integrity of the profession while maintaining public confidence and trust” (CPA Canada, 2017).

The ethical standards of the CPA profession are based on five principles: professional behaviour, integrity and due care, professional competence, confidentiality, and objectivity; these principles are enforced by self-regulatory activities. The PTC reports to CPA Canada through the profession's Council of Chief Executives (CCE). The PTC recommends policies and strategies to uphold the public's trust by identifying, researching, and addressing matters that may have an impact on this trust. Any recommendations related to improving the public's trust are communicated to the CCE. The PTC is composed of a chair, appointed by the CCE, with representatives from the British Columbia region (BC and YT), the Alberta region (AB, NW, and NU), the Western region (SK and MB), Ontario, Québec, and the Atlantic region (NB, NS, PE, NL, and Bermuda); one representative must be a member of the CCE, and at least three representatives must be members of the public. No region may have more than three representatives, including the public representatives. Each member has a three-year term, renewable once, and the entry periods are staggered to help provide continuity.

Charges Associated with Violating the Rules of Professional Conduct

Table 1 displays the new CPA Rules of Professional Conduct; the rules have been grouped according to the three former accounting designations to allow comparison. The CA association has had the longest history of ethically reviewing its members (starting in June 1984), while the CGA and CMA have only more recently begun holding their members accountable to their rules of professional conduct, starting in 1996 and 2008, respectively.

Data Collection

The data presented in Tables 1-4 were collected from public documents and data available from the websites of the former Institute of Chartered Accountants of Ontario (ICAO), the Certified General Accountants of Ontario (CGAO), and the Certified Management Accountants of Ontario (CMAO). The data were compiled from court documents (disciplinary notices) collected from the individual websites while they were still available and before the unification process resulted in an amalgamation of the three distinct websites. The decision related to each disciplinary notice was kept in a database on the respective association's website and was publicly available. However, no information was available to the general public regarding members who were under investigation or about whom a complaint was lodged with the association(s) but for which no charges were laid. For each member who was charged, the court files included their name, their city, their gender (sometimes), the year of violation, the rule(s) violated, the number of charges, pleas, penalties, and appeals, and the time elapsed from the date of charge to the date of ruling.

After carefully examining the extensive CA court case data, it was decided not to track those rules of professional conduct with fewer than eight violations over the collection period. We were still able to keep 100 percent of the offenders even when these outliers were eliminated, as they only made up 4 percent of the rulings. The rules with fewer than eight violations were convictions for criminal offences such as illegal possession of firearms, money laundering, extortion, sexual assault, false or misleading application to become a CA member, hindrance, and inappropriate influence or intimidation. Although these crimes are noteworthy, they represent only a very small portion of the overall population of crimes committed by accountants. As the data collection periods were much shorter for the CGA and CMA designations, all rules of professional conduct, were reported, including those with fewer than eight violations.

The data collected for each accounting body were coded by two people to avoid errors in data entry, and were set up in databases. The data collection periods (noted in the Table 1) began on the date on which it became mandatory to stipulate in writing the reasons for disciplinary notices (thus, the Ontario CA database does not include a few of the original court rulings), and ended when information was no longer available on the websites.

Results

The different accounting association rules of professional conduct constitute the structural backbone of Tables 1-4. These rules have evolved over the years to provide clarification, enhance existing rules, or introduce new rules to improve the protection of the public's interest. Table 1 clarifies the identification and the overlapping among the three designations of mutually exclusive rules within the respective codes of professional conduct. If rulings that are directly connected to auditing are separated out (n=528), it can be seen that the CAs database is almost evenly split, with 513 charges laid in the categories that overlap with those of the CMA and CGA designations.

In Ontario, the three former accounting bodies had distinct scopes of practice. CAs were the only accountants who could work as external auditors for companies with publicly traded stocks; CMAs, who worked as in-house corporate accountants, were focused on internal strategy. Thus, the audit-related charges would not have directly overlapped with the other accounting

professions. The differences in the number of charges are somewhat consistent with the varying regulatory time frames (i.e., CA: 26 years; CMA: 8 years; CGA: 14 years).

Table 1: Charges Associated with Violating the Rules of Professional Conduct for CAs, CGAs, and CMAs¹

	CA		CGA		CMA	
	Time Period: June 1987 through February 2013		Time Period: 1996 through 2014		Time Period: 2008 through 2014	
Rules of Professional Conduct	Code Number	Number of charges	Code Number	Number of charges	Code Number	Number of charges
General						
Compliance with bylaws and regulations	101	10	601	15	2.2(b)/1.2(b)	34
			606/606(a)	37		
Co-operation with regulatory process	104	73	610	20	2.2(e)/1.2(e)	18
			611	22	7(1)	5
			509/509(a)	7	22	26
			514	23	31	20
			515	24		
			516	23		
Standards of Conduct Affecting Public Interest						
Maintain good reputation of the profession	201.1	300	101	41	3.1(a)/2.1(a)/21(a)(i)	5
			102	30	3.1(b)/2.1(b)	7
			108	12	3.4(b)/2(4)(b)/4(b)	9
			201	5		
Required to maintain professional competence	203.1 and 203.2b	95	302	7	3.1(c)/2.1(c)/21(a)(ii)	12
Independence	204	35			3.3(d)/2(3)(c)/3(c)	3
Totals for overlapping categories (multiple per person)²		513		266		139
Specific to public accounting (CAs) only						
Integrity and due care	202.1	151				
False/misleading documents, oral representations	205	128				
Compliance with standards of practice	206	222				
Retention of documentation and working papers	218	18				

Relations with fellow members (public accounting)						
Co-operation with successor accountants	303	9				
Organization and conduct of a professional practice		0				
Subtotal specific to public accounting		528				
Total charges (multiple per person)		1,041		266		139

¹ CA=Chartered Accountant; CGA=Certified General Accountant; CMA=Certified Management Accountant.

² The same person being charged more than once.

Tables 2-4 afford an in-depth look at the monetary fines given to CAs, CMAs, and CGAs, respectively. The majority of the offences received fines under \$10,999 (79% of CAs were fined less than \$10,999, with 8% levied no fine at all; 88% of CMAs were fined under this threshold, with 6% receiving no fines; and CGAs reported 98% under \$10,999, with 18% receiving no fines).

Table 2: CA¹ Monetary Fines for Violating the Rules of Professional Conduct

Rule of Professional Conduct Violated (Rule Number)	Number of Charges	CA Monetary Fines							
		No Fine	Under \$1,999	\$2,000 to \$4,999	\$5,000 to \$10,999	\$11,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$99,999	\$100,000+
Compliance with bylaws and regulations (101)	10	0	0	4	5	0	1	0	0
Co-operation with regulatory process (104)	73	3	29	27	12	0	0	2	0
Maintain good reputation of the profession (201.1)	300	17	12	56	135	1	23	56	0
Conduct services with integrity and due care (202.1)	151	11	11	20	60	24	12	13	0
Required to maintain professional competence (203.1)	95	4	18	46	19	0	3	4	1
Independence during engagements (204)	35	1	7	17	3	1	2	0	4
False/misleading documents, oral representations (205)	128	6	4	18	54	23	11	12	0
Compliance with standards of practice (206)	222	42	10	59	90	0	9	7	5
Retention of documentation and working papers (218)	18	3	3	7	3	0	0	2	0
Co-operation with successor accountants (303)	9	0	0	3	6	0	0	0	0
Total charges (multiple per person)²	1,041	87	94	257	387	49	61	96	10

¹ CA= Chartered Accountant.

² The same person being charged more than once

Table 3: CMA¹ Monetary Fines for Violating the Rules of Professional Conduct

Rules of Professional Conduct Violated [Rule Number]	Number of Charges	CMA Monetary Fines							
		No Fine	Under \$1,999	\$2,000 to \$4,999	\$5,000 to \$10,999	\$11,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$99,999	\$100,000+
Breach of the act or the bylaws [2.2(b)/1.2(b)]	34	2	13	6	11	0	0	2	0
Failure to respond promptly and cooperate fully [2.2(e)/1.2(e)]	18	0	7	2	9	0	0	0	0
Responsibility for and fidelity to public needs [3.1(a)/2.1(a)/21(a)(i)]	5	1	2	0	1	0	0	1	0
Fairness and loyalty to such member's, student's or firm's associates, clients and employers [3.1(b)/2.1(b)]	7	1	2	1	1	0	0	2	0
Competence through devotion to high ideals of personal honour and professional integrity [3.1(c)/2.1(c)/21(a)(ii)]	12	2	4	1	2	0	0	3	0
Not, in the course of exercising his, her or its duties [3.3(d)/2(3)(c)/3(e)]	3	0	1	0	0	0	0	2	0
Not commit an act discreditable to the profession [3.4(b)/2(4)(b)/4(b)]	9	2	3	0	1	0	0	3	0
Failure to register [7(1)]	5	0	2	1	1	0	0	1	0
Rules of conduct governing members [22]	26	1	10	5	9	0	0	1	0
Obligation to reply to society requests [31]	20	0	8	2	9	0	0	1	0
Total charges (multiple per person)²	139	9	52	18	44	0	0	16	0

¹ CMA= Certified Management Accountant.

² The same person being charged more than once

Table 4: CGA¹ Monetary Fines for Violating the Rules of Professional Conduct

Rules of Professional Conduct Violated [Rule Number]	Number of Charges	CGA Monetary Fine							
		No Fine	Under \$1,999	\$2,000 to \$4,999	\$5,000 to \$10,999	\$11,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$99,999	\$100,000+
Discredit [101]	41	10	6	18	7	0	0	0	0
Unlawful activity [102]	30	9	3	7	10	0	1	0	0
Conduct unbecoming [108]	12	1	0	6	5	0	0	0	0
Conduct [201]	5	2	2	0	1	0	0	0	0
Professional development [302]	7	5	1	0	1	0	0	0	0
Advertising and other forms of solicitation [509/509(a)]	7	0	1	4	2	0	0	0	0
Registration [514]	23	1	3	10	8	0	1	0	0
Practise inspection requirements [515]	24	0	4	10	9	0	1	0	0
Professional liability insurance [516]	23	1	5	8	8	0	1	0	0
Compliance [601]	15	1	5	2	6	0	1	0	0
Detrimental actions [606/606(a)]	37	9	4	12	11	0	1	0	0
Requirement to reply in writing [610]	20	4	9	5	2	0	0	0	0
Assistance to the Board [611]	22	5	11	5	1	0	0	0	0
Total charges (multiple per person)²	266	48	54	87	71	0	6	0	0

¹ CGA= Certified General Accountant

² The same person being charged more than once

Discussion

Re-establishing the public trust

While accounting professionals largely follow their rules of professional conduct, maintaining the public's trust is important. Gottschalk (2011) believes that the public is reliant on whistleblowers to reveal crime and misconduct within the accounting profession. Whistleblowers need two basic characteristics to be successful: they must have evidence of non-trivial misconduct, and they must have the courage to expose the misconduct publicly (Gottschalk, 2011). However, some businesses make whistleblowing difficult because of codes of silence and the ability to hide evidence of wrongdoing within corporate structures (Gottschalk, 2011; Hansen, 2009). In self-governance, when misconduct is discovered within the accounting industry in Canada, it is up to the profession to make this information public. This is a responsibility that may not always be carried out.

To minimize the occurrence of criminal activities perpetrated by accountants, it is necessary to develop a series of crime prevention methods. When 141 business organizations were asked how they would prevent misconduct within their business, their answers were coded as either a reactive or a proactive approach. Reactive approaches include adapting control routines when faced with issues, as well as implementing consequences for violations. Proactive approaches include instilling ethics in education, employing rigid hiring processes, as well as displaying admirable leadership throughout the company (Gottschalk, 2011). The emphasis is placed on transparency, ethics, monitored procedures, and clearly defined consequences for violations, as well as putting more care into the hiring process and training.

While there are several proposed solutions to the unethical behaviours among accountants, every one of them seems to be controversial. Some scholars believe that the performance of accountants should be reviewed more rigorously and that they should be given annual bonuses for ethical behaviour; others believe that rewarding people financially for not committing a crime to be arbitrary. Accountants arguably are already paid well for the work they do (Gottschalk, 2011). Despite this thought, a recent approach was suggested in the United States to reward whistleblowers by giving them a small portion of funds seized from criminal activity (Gottschalk, 2011). While the whistleblower has an important role to play in the detection of unethical behaviour, more government involvement may also be a part of the solution (Cohen & Pant, 2017, Mysicka, 2014).

In 2002, President George Bush passed a law known as the *Sarbanes-Oxley Act*, whose objective was to re-establish the public's trust in the accounting profession (Wegman, 2005). The law stipulates that accounting firms must have a certain number of audits performed annually by a third party. The number of audits performed is determined by the size of the accounting firm; larger firms are to be inspected more often than smaller firms. When discrepancies are found in the auditing process, an investigation swiftly follows, which requires the complete compliance and testimony of all employees of the firm. If an individual chooses not to comply, their licence to practice is revoked (Wegman, 2005). The *Sarbanes-Oxley Act* may seem harsh to many people within the accounting profession, but it presents a clear message from the government about

establishing trust and increasing auditor accountability. This sort of message is comforting to the public; however, Canada may not yet be ready for this type of legislation.

Public perception of white-collar crime versus street crime

When confronted with the issue of maintaining the public's trust in self-regulated professions such as accounting, it is important to understand how the public views white-collar crime in general. A study by Dodge et al. (2013) found that there is a large difference between how society views white-collar crime versus street crime. The common theme found within the study was that participants had little empathy for victims of financial crime, and that it was the responsibility of the victims to protect themselves from financial crime. Participants felt more empathy for victims of street crime, and therefore rated those crimes as more serious (Dodge et al., 2013).

While identifying individual patterns of empathy in crime, it is also important to explore whether the public's perceptions of crime have changed. Michel (2016) states that in the second half of the 20th century, public interest in financial crimes rose sharply due to many large-scale accounting scandals such as Enron, Nortel, and Livent. Despite the lack of empathy for victims of white-collar crime, participants in this study were more likely to have supported similar punitive measures for white-collar crime offenders and street crime offenders, such as hefty financial penalties and jail time (Holtfreter, Van Slyke, Bratton, & Gertz, 2008). These findings suggested a significant change in public awareness of crime. While public interest in street crime has remained relatively stable, public interest in white-collar crime has risen significantly as a result of the exposure of accounting scandals (Michel, 2016).

Social structures supporting white-collar crime

It has been widely suggested that the media plays a large role in how the public views crime because it has a substantial amount of control over the information to which the public is exposed (Bennadiktsson, 2008). By analyzing the media coverage of large-scale accounting scandals, Bennadiktsson (2008) concluded that the degree to which the public is aware of white-collar crime and accounting scandals is directly linked to the partnerships between corporations and major media outlets.

In Canada, several factors affect the reporting of news, including major media outlets catering to populations with specific political beliefs and their dependence on advertising revenue (Hackett & Uzelman, 2010). This means that the media outlets are not obligated to report crimes, especially if they conflict with their political or corporate interests. Michel (2016) suggested that major news reports about accounting scandals have played a crucial role in the gradual change of public perceptions regarding accounting crimes. However, with a lack of comprehensive information readily available to the public, public interest has the potential to be formed based only on corporate interests, at the expense of culpability and the development of public trust.

Punitive measures in the accounting world

Perhaps public opinion has some influence when it comes to the prosecution of crimes. Michel's (2016) study also analyzed what the public believed to be appropriate punishments for crimes. Survey participants were asked to rate the seriousness of an assortment of crimes, including common street crimes (murder, rape, assault, robbery) and white-collar crimes (fraud, misappropriation of funds, releasing pollutants into the environment, selling unsafe toys to the public). They were given a clear scenario describing each crime and its perpetrators, and were then asked to suggest an appropriate punitive measure for each crime. Not surprisingly, the more serious punitive measures, such as lengthy prison sentences, were suggested for violent crimes such as murder, rape, and assault, while substantially less harsh punitive measures such as small monetary fines were suggested for an assortment of white-collar crimes, such as misrepresentation of funds and money laundering, despite the harms that such financial crimes cause. Most participants decided that monetary fines were significant enough for most of these crimes, the most severe punishment being five years or fewer in prison (Michel, 2016). The most severe punishment in the study was reserved for a scenario in which a toy company used lead paint on children's toys.

The results of Michel's (2016) study were strikingly similar to those of the Leonard et al. (2016) study of punitive measures taken against chartered accountants in Ontario, in which it was found that 61.8% of guilty charges resulted in monetary fines ranging from \$2,000 to \$11,000. According to the results of various studies including those of Michel (2016) and Slyke & Bale (2010), it seems that the public, who may be unaware of the implications of white-collar crime, considers those punitive measures for accounting infractions to be adequate.

Are these financial penalties levied by the accounting bodies a sufficient deterrent? If we select only one designation to review, CGAs reported starting salaries of approximately \$55,000 a year and the upper ranks were making well into the six-figure range based on more experience and senior roles, according to a 2013 article reported in the *Globe and Mail*. In fact, the article states that, in 2013, CGAs were included in the top five percent of all Canadian earners (Bouw, 2013). Considering some of the offences involved (e.g., fraud, embezzlement, and falsifying accounting documents), the size of accompanying fines could be sending the wrong message to wrongdoers. Tables 2 to 4 highlight the inadequacy of the financial repercussions. As noted, fines were not levied for many of the charges, and the majority of fines were well below any threshold that would cause even a newly graduated junior accountant to experience more than a slight change to their lifestyle.

Financial crimes in Canada

While Canada has experienced a number of accounting scandals, not all of them have been publicized. Leonard et al. (2016) conducted a study of misconduct by chartered accountants in Ontario over the course of 27 years, and found that, only 417 CAs were charged with professional misconduct over a total of 22 years (Leonard et al., 2016). Either CAs are very well behaved or there may not be enough whistleblowing of unethical behaviours within the profession. The study results showed that members practicing public accounting accounted for 70% of the total offences,

with sole practitioners accounting for 53% of the total offences (Leonard et al., 2016). Results like these may be the product of the difficulties that forensic accountants face when trying to track down the person(s) responsible for falsifying the records in a corporate setting (Ionescu, 2009). By performing illegal activities between multiple job boundaries and chains of responsibility, the few dishonest people can be relatively safe from criminal responsibility (Shapiro, 1990).

Here are three blatant Canadian cases of criminal activities where individuals responsible to protect the public failed in the discharge of their managerial and accounting/auditing duties. The first one addresses Bre-X, a Canadian mining company founded in 1989. Not only were the books falsified, but also the entire company was fabricated. Owner David Walsh bought property in Indonesia and began drilling to test the land for gold (Goold, 2017). The owner purchased \$61,000 of panned gold from locals, then used the gold to tamper with the core samples to “prove” that Bre-X had discovered one of the richest gold deposits in the world. As a result of these falsified results and mass media enthusiasm about investing in Bre-X stock, the value of Bre-X stock skyrocketed from \$0.30 to \$250.00; Canadians lost billions of dollars when Bre-X was exposed as fraudulent in 1997 by the Indonesian government (Tedesco, 1997). To date, not one person has been charged for the crimes that occurred with the Bre-X scandal (Lawrence, 2007). The Bre-X case is an example of a recent event in Canada that shook the public’s trust to the core.

A second example is Live Entertainment Corporation of Canada, Inc. (Livent), a Toronto-based theater production company whose initial public offering was made in 1993. In 2009, the company’s owners, Garth Drabinsky and Myron Gottlieb, were convicted on fraud and forgery charges; they had been falsifying their financial statements for many years. The crimes came to light after KPMG conducted an audit for a potential investor and found nothing wrong. A KPMG partner, Robert Webster, was then appointed as the Executive Vice-President of the company. One of his responsibilities was to monitor the accounting and finance decisions being made by the management team. Working with Livent’s accounting staff, Webster soon discovered that the staff had been told to not disclose information without the approval of Drabinsky. Eventually the Chief Financial Officer informed Webster of the fraud, which created doubt for the accuracy of the financial records. A forensic audit found that the income had been manipulated in four ways: transfers to fixed assets, expenses, amortizations, and revenue-generating transactions. This would have negatively impacted the public’s trust, as Livent had been considered a reputable company in the arts community (Lokanan, 2014a; Lokanan, 2014b).

A third example is Cinar Corporation (Cinar), an animation studio founded by Ronald Weinburg and Micheline Charest in 1976. In 1999, the company was accused of using American writers instead of Canadian writers, a practice that had an impact on what the corporation would receive from the Canadian government in the form of funding and tax credits. Weinburg and Charest had been crediting the written work to Erika Alexandre, a pseudonym for Charest’s Canadian sister, Helene. An audit found that the company was misappropriating funds, was committing tax evasion, and was not disclosing information properly. This damaged the public’s trust, as Cinar had been a “darling of the investment community” (Magnan et al., 2010); many people would have been investing in them to try to make money for many reasons, such as retirement funds.

Conclusion

Public interest in unethical behaviour in the accounting industry has been gradually increasing over the last several decades. As a result of this awareness, it is paramount that measures be taken to ensure accountability for ethical violations and to re-establish ongoing trust. Regulation of the accounting profession by government may not be the answer to restoring the public's trust, because the profession is very complex and it requires a professional accountant to understand and explain the industry. While the American *Sarbanes-Oxley Act* may have had a strong, tough-on-crime effect, penalties contained within that American legislation seem too harsh to be embraced by Canadian society. While we may not be ready for legislation that extreme, swift accountability for actions may be the answer to re-establishing the public's trust. It is possible for the government to step in and create harsh legislation to achieve this, but this may not be necessary in Canada if companies and accounting firms take responsibility and are more proactive in their training and hiring processes.

There is a large difference in how society views white-collar crime versus street crime; the public tends to view white-collar crime as being less serious than street crime, and has little empathy for victims of white-collar crime. While these opinions may not seem entirely pertinent to discussions of public trust, it is important to understand how the public views crime and to identify changes in its perceptions in order to create a stronger, more confident public trust. There may be a relationship between how the public views white-collar crime and how major media outlets report it — while major media outlets tend to report crimes that are within the interest of network owners and political and corporate interests, they are under no obligation to report every crime that occurs. This has the potential to cause a “disconnect” between the crimes that are occurring and the public's knowledge of them. Despite this, punitive measures that have been taken against Ontario members of the former Canadian accounting professional associations may not match directly with the public's opinion of how crime in the accounting profession should be handled.

Finally, the Canadian public has been shaken in the past by scandals such as Bre-X, Livent, and Cinar, which were fully supported by accounting professionals, including those in the financial sector. This reinforces the need for accountability in the accounting industry. Without accountability, the public has the potential to feel helpless and to demand that the government step in and create harsher penalties.

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