

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
*CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017*

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Allegations against **William J. Trotter, CPA, CA**, a member of the Chartered Professional Accountants of Ontario, under **Rules 201.1, 204.10, 205 and 209.1** of the Chartered Professional Accountants of Ontario Code of Professional Conduct.

**BETWEEN:**

**Chartered Professional Accountants of Ontario  
Professional Conduct Committee**

**-and-**

**William J. Trotter**

**APPEARANCES:**

**For the Professional Conduct Committee:** Megan E. Shortreed, Counsel

**For Mr. Trotter:** Cynthia Amsterdam, Counsel

Heard: October 19, 2021

Decision and Order effective: October 19, 2021

Release of written reasons: November 17, 2021

**REASONS FOR THE DECISION AND ORDER MADE OCTOBER 19, 2021**

**I. OVERVIEW**

- [1] The Professional Conduct Committee of the Chartered Professional Accountants of Ontario (“PCC”) has alleged that Mr. Trotter engaged in professional conduct, by way of four separate allegations.
- [2] This hearing was held to determine whether the Allegations were established and whether the conduct breached Rules 201.1, 204.10, 205 and 209.1 of the Chartered Professional Accountants of Ontario (“CPA Ontario”) Code of Professional Conduct and amounted to professional misconduct.

- [3] Mr. Trotter became a member of CPA Ontario (at the time, the Institute of Chartered Accountants of Ontario (“ICAO”)) in 1979. Upon obtaining his CA, Mr. Trotter worked for the accounting firm, BDO Canada LLP, until 1983. Thereafter, he became self-employed and, in the early 1990s, founded Wm. J. Trotter & Associates (“WTA”).
- [4] WTA is an accounting firm located in Richmond Hill. The firm has three partners and employs approximately 30 staff, who are a mixture of CPAs, technicians and administrative staff.
- [5] WTA provides a variety of services including bookkeeping, financial reporting, and tax advisory services. About 30-40% of services relate to tax and the rest are mainly Notice to Reader engagements.

## **II. The Complaint and the Allegations**

- [6] On November 10, 2019, a principal of ET, a New Zealand and Australian company, submitted a complaint to CPA Ontario alleging that Mr. Trotter failed to respond to his requests for information and acknowledgment that certain ET funds that had been wired to a bank account managed by Mr. Trotter (the “ET Complaint”).
- [7] In the course of investigating the ET complaint, staff discovered other concerning conduct which ultimately became the subject of the Allegations admitted to in this hearing. The Allegations are summarized below:
  - 1. That Mr. Trotter required ET to withdraw its complaint as a pre-condition to resolving the return of funds to which it was entitled;
  - 2. That, in the period from July 2016 to December 2019, Mr. Trotter borrowed \$500,000 from his client, OOE;
  - 3. That Mr. Trotter, when engaged to provide accounting services to OOE and an associated company, NCO, failed to disclose facts which impaired his independence when he issued financial statements and Notice to Reader reports for the years ended December 31, 2017 and 2018; and
  - 4. That from June 1, 2018 to August 1, 2019, Mr. Trotter filed misleading corporate tax returns for OOE and NCO that failed to disclose his interest in and association with both corporations.
- [8] Mr. Trotter admitted the Allegations of professional misconduct made by the PCC and admitted that his conduct breached Rules 201.1, 204.10, 205 and 209.1 of the CPA Ontario Code of Professional Conduct and constituted professional misconduct.

## **II. PRELIMINARY ISSUES**

- [9] The hearing was scheduled to be heard by five panelists. The morning of the hearing, the scheduled Chair was unable to connect via video. As a result, Fahad Meer assumed the role of Chair. Pursuant to Rule 18.01 (1) of the *Rules of Practice and Procedure*, the hearing proceeded with four panelists.

## **III. ISSUES**

- [10] The Committee identified the following issues arising from the Allegations:
- A. Did the evidence establish, on a balance of probabilities, the facts on which the Allegations by the PCC were based?
  - B. If the facts alleged by the PCC were established on the evidence on a balance of probabilities, did the Allegations constitute professional misconduct?

## **IV. DECISION**

- [11] The Committee found that the evidence established, on a balance of probabilities, the facts set out in the Allegations of professional misconduct.
- [12] The Committee was satisfied that the Allegations constituted a breach of Rules 201.1, 204.10, 205 and 209.1 and, having breached these Rules, Mr. Trotter committed professional misconduct.

## **V. REASONS FOR THE DECISION**

### ***Findings Regarding the Conduct of Mr. Trotter***

- [13] The parties filed an Agreed Statement of Facts (“ASF”), which was made Exhibit 1. The parties provided supporting documentation for the ASF via a Joint Book of Documents, which was made Exhibit 2. The parties tendered no further evidence in the conduct portion of the hearing.

### ***Background Facts***

- [14] Mr. Trotter was the sole shareholder, Director, President and Secretary of NCO from its inception in 2005 until January 29, 2019. NCO is a holding company that owns 100% of the shares in OOE.
- [15] OOE is an expedition cruise company that provides adventure vacations to remote

locations, primarily the Arctic and Antarctica.

- [16] In 2007, OOE became a client of WTA. Mr. Trotter was the lead engagement partner in WTA for OOE. WTA provided the following services to OOE:
- Issuance of financial statements;
  - Issuance of Notice to Reader reports;
  - Filing OOE's corporate tax returns
  - Provision of deposit and payment processing services via written and verbal direction from the principal of OOE; and
  - Mr. Trotter was the sole signatory on four of OOE's bank accounts.
- [17] With respect to NCO, WTA prepared NCO's Notice to Reader financial statements, tax returns, payroll source deductions, and HST remittances where applicable.
- [18] In the course of providing accounting services to OOE, Mr. Trotter also flowed OOE funds through the bank accounts of BMI and SJ, companies related to Mr. Trotter but unrelated to OOE. Mr. Trotter is the President, Secretary and Treasurer of BMI and is the sole cheque signatory of all BMI's bank accounts. He is also a Director and officer of SJ, an Ontario corporation owned by Mr. Trotter's wife.
- [19] At all times from 2007 to 2019, a WTA employee (not Mr. Trotter) held the position of director with OOE.

*Allegation 1: Requiring Withdrawal of Complaint as a Pre-Condition to Returning Disputed Funds*

- [20] ET is a company that specializes in travel to remote destinations. ET began working with OOE in 2013. In 2019, ET signed an agreement with OOE to be the exclusive agent for a voyage that was to set sail in 2021.
- [21] ET was to make pre-payments to OOE to secure berths for the voyage. As per an agreement between the parties, ET wired funds on two occasions directly to a BMI bank account. Each payment was in the amount of approximately \$62,000 USD. ET wired the first payment on June 28, 2019 and the second payment on October 23, 2019.
- [22] On November 1, 2019, shortly after ET had wired the second payment to a BMI bank account, they learned that OOE was experiencing financial difficulties. ET began writing to Mr. Trotter seeking confirmation that he had received the ET funds, and seeking the return of the funds.
- [23] Mr. Trotter did not respond immediately. In light of this, on November 10, 2019, a principal of ET lodged a complaint against Mr. Trotter to CPAO. Mr. Trotter's lawyer, Charles Chang, wrote to ET on November 18, 2019, confirming receipt of

the two deposits.

- [24] Ultimately, principals of OOE and ET provided Mr. Trotter with written authorization to release USD \$61,987.50 back to ET. In response, Mr. Trotter, through correspondence from Mr. Chang, stated he would only return the funds if ET withdrew their complaint, and if the CPAO confirmed the withdrawal of said complaint.
- [25] The principal of ET informed the CPAO that ET wished to withdraw its complaint. The CPAO responded by informing ET that once a complaint has been made, the complainant cannot withdraw the complaint.
- [26] Notwithstanding the above, Mr. Trotter ultimately paid the sum of USD \$61,987.50 to ET, in accordance with the joint direction from OOE and ET.

#### *Allegation 2 – Borrowing \$500,000 from a Client, OOE*

- [27] There is information in the ASF regarding a number of lending and borrowing transactions between Mr. Trotter and OOE. The only transaction relevant to Allegation #2 is an undocumented transaction in January of 2018 wherein Mr. Trotter borrowed approximately \$500,000 from OOE.
- [28] OOE is not a bank or an entity in the business of lending money.

#### *Allegation 3 – Impaired Independence OOE*

- [29] Mr. Trotter issued OOE financial statements and Notice to Reader reports for the years ending December 31, 2017 and December 31, 2018. The financial statements did not contain any accompanying notes or disclosures. The attached Notice to Reader reports did not disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair Mr. Trotter's independence or his firm's independence.
- [30] Within the OOE working papers for 2017 and 2018, there are two relevant checklists: the Compilation engagement planning and completion checklist and the Independence Checklist. Both checklists were reviewed and signed off by WTA staff after consulting with Mr. Trotter.
- [31] In the Compilation and engagement planning and completion checklist, the question on Independence, "Have we identified any impairment of independence under the rules of professional conduct?" was answered "No."
- [32] The Independence Checklist includes, as Independence prohibitions: (i) having a financial interest in a client; (ii) loans and guarantees to/from a client; (iii) having close business relationships with a client; and (iv) serving as an officer, director or

secretary of a client. Despite meeting the criteria for prohibitions in the Independence Checklist, the response to the question of whether any of the conditions applied to the firm indicated there was no impairment of independence identified.

- [33] Mr. Trotter also filed OOE's 2017 and 2018 corporate tax returns. In OOE's corporate tax returns Notes Checklist - Schedule 141 - the accountant had to answer a series of questions, one of which is whether the accountant is connected to the corporation. The definition of "connected" is given as, "a person connected with a corporation can be: (i) a shareholder of a corporation who owns more than 10% of common shares; (ii) a director, an officer or an employee of the corporation; or a person not dealing at arm's length with the corporation."
- [34] For both the 2017 and 2018 corporate tax return notes checklist, the answers to the questions in the schedule 141 checklist were "no", indicating that Mr. Trotter was not connected to the corporation. Mr. Trotter failed to disclose his 100% share ownership in NCO, OOE's parent corporation, or the role of a member of his firm as director of OOE.

#### *Allegation 4 – Impaired Independence NCO*

- [35] WTA prepared NCO's Notice to Reader financial statements, tax returns, payroll source deductions, and HST remittances where applicable.
- [36] NCO has a fiscal year end of October 31, and WTA prepared its Notice to Reader financial statements towards the end of February the following year.
- [37] Similar to Mr. Trotter's conduct vis-à-vis OOE, set out above, neither he nor any of his employees disclosed his share ownership or other relevant involvement in NCO in any of the documents prepared and issued for the years 2017 and 2018, including the corporate tax returns.

#### ***Finding of Professional Misconduct***

- [38] Through the ASF Mr. Trotter admitted that these facts constitute professional misconduct in relation to the four Allegations before the Discipline Committee ("the Committee").
- [39] The Committee concluded that the Allegations, having been proven on a balance of probabilities, through clear and cogent evidence, constituted breaches of Rules 201.1, 204.10, 205 and 209.1 of the Code, and these breaches constituted professional misconduct.

## **VI. DECISION AS TO SANCTION**

- [40] The parties presented a joint submission on sanction to the Committee. The salient features of the joint submission are a six-month suspension and a \$20,000 fine. The Committee reluctantly accepted the joint submission, notwithstanding that in the absence of a joint submission, we would have imposed a longer suspension.

## **VII. REASONS FOR DECISION AS TO SANCTION**

### ***Evidence relevant to Sanction***

#### ***Mitigating Factors***

- [41] The primary factors in mitigation on sanction were Mr. Trotter's full cooperation throughout the process and the evidence of his good character.
- [42] Both parties submitted that Mr. Trotter cooperated fully with the investigation and throughout the hearing process. Mr. Trotter signed an ASF, admitted to all four allegations, and joined the PCC in a submission on sanction.
- [43] The parties filed a Joint Book of Documents on Sanction (Exhibit 5). Contained in Exhibit 5 are four character letters.
- [44] Three of the four individuals who wrote letters for Mr. Trotter stated they were aware of the Allegations. Notwithstanding this knowledge, they had high praise for Mr. Trotter's integrity and professionalism. AP, a partner with P&A wrote that Mr. Trotter "...*deeply cares about his clients, works tirelessly to provide them with options, listens to their issues and desires, [and] acts in an extremely professional manner...*"
- [45] JH, a CPA, wrote that Mr. Trotter "...*represents to me the qualities of what I would hope every CPA would embody in serving their clients and our profession.*"
- [46] The Committee was impressed with the high regard in which Mr. Trotter is held by his colleagues. At the hearing, we sought to impress upon Mr. Trotter the importance of his reputation, and our hope that he will be inspired by the faith and trust his colleagues have placed in him such that he does not end up before the Discipline Committee again.

#### ***Aggravating Factors***

- [47] The Committee was very concerned about the aggravating factors listed below:
- The seriousness of the misconduct
  - Mr. Trotter's prior discipline history, including multiple actions of professional misconduct

- The 2016 caution Mr. Trotter received relating to impaired independence

### *Seriousness of the Misconduct*

- [48] Mr. Trotter's counsel submitted that this case is not a case of moral turpitude. While the Committee takes note of the fact that moral turpitude is not specifically alleged, we do consider Allegations 1, 3 and 4 to involve a disturbing and profound lack of integrity.
- [49] Mr. Trotter's conduct in requiring ET to withdraw its complaint as a pre-condition of releasing funds they were entitled to is self-serving, corrupt and potentially harmful to the administration of justice. We can do no better than to cite *Thompson Family Trust (Re)* 2011 ONSC 7056:
- [19] ... An agreement to stifle or withdraw from a prosecution in respect of an offence of a public nature is against public policy and illegal, because the effect of it is to take the administration of the law out of the hands of the judges and to put it into the hands of a private individual to determine what is to be done in the particular case.
- [50] With respect to Allegations 3 and 4, we find Mr. Trotter failed to act with the honesty and integrity required of CPAs. Mr. Trotter deliberately failed to disclose his very substantial association with OOE and NCO in financial statements, Notice to Reader reports, and corporate tax returns.
- [51] This level of dishonesty is very concerning to the Committee. The purpose of compiling financial statements and Notice to Reader reports is to provide a level of trustworthiness for a company in the eyes of shareholders, investors, directors and others with vested interests in the corporation. Notice to Reader reports are relied upon in a number of situations to lend credibility to the corporation or to fulfil requirements. A Notice to Reader report can only be prepared by a CPA, thus providing reassurance to the intended recipient that it will be held to the high standards of the CPA designation.
- [52] No evidence was put before us with respect to OOE's plans for soliciting investors, applying for a bank loan, or any other business plans for which a Notice to Reader would be relied upon. Notwithstanding this, Mr. Trotter's conduct in omitting crucial information from the Notice to Reader reports is deeply concerning.
- [53] Similarly, the false and misleading statements in the corporate tax returns are especially troubling. The Canada Revenue Agency relies on accountants to uphold the standards of the profession and to prepare scrupulously accurate tax returns. Failure to do so potentially erodes public and institutional confidence in the integrity of the accounting profession at large.



- [54] The Committee wishes to reiterate that despite the absence of a specific allegation of moral turpitude, Mr. Trotter's conduct demonstrates an inexcusable lack of integrity.

#### *Prior Discipline History*

- [55] In November of 2014, both Mr. Trotter and WTA were found to have engaged in professional misconduct by a Discipline Committee of the ICAO (the predecessor to the CPAO). The findings related to his failure to supervise a non-member of the ICAO.
- [56] Although the 2014 findings are unrelated to the Allegations before this Committee, the fact that Mr. Trotter was disciplined ought to have had a sobering effect on him with respect to his conduct at large. Clearly, it did not.

#### *The 2016 Caution Relating to Impaired Independence*

- [57] It appears that in 2016, another CPA made a complaint about Mr. Trotter. The complaint letter was not provided to the Committee. However, the Committee gleans from the letter of caution issued to Mr. Trotter that Mr. Trotter failed to disclose his impaired independence in his or his firm's written reports accompanying financial statements. The PCC chose to close the file with a letter of caution dated November 29, 2016.
- [58] This is the very misconduct for which Mr. Trotter now appears before us. Moreover, the caution letter was issued approximately one year prior to the first Notice to Reader reports issued by Mr. Trotter wherein he failed to disclose his interest in and association with OOE and NCO. Although Mr. Trotter's counsel candidly admitted that Mr. Trotter "failed to learn his lesson", no explanation was provided to the Committee with respect to why he ignored the caution and blithely continued on in the same fashion.
- [59] The Committee views this as an extremely aggravating factor. Mr. Trotter's disregard of the caution letter borders on ungovernability.

#### ***Reasons for the Committee's Decision on Sanction***

- [60] With respect to the terms that were jointly submitted by the parties, the Committee recognizes that a joint submission is entitled to a high level of deference. A joint submission should be adopted unless it is contrary to the public interest or would bring the regulatory process into disrepute because it was beyond the reasonable range of sanction. In the words of Justice Moldaver in the matter of *R. v. Anthony*

*Cook*:<sup>1</sup>

[34] ... a joint submission should not be rejected lightly, a conclusion with which I agree. Rejection denotes a submission so unhinged from the circumstances of the offence and the offender that its acceptance would lead reasonable and informed persons, aware of all the relevant circumstances, including the importance of promoting certainty in resolution discussions, to believe that the proper functioning of the justice system had broken down. This is an undeniably high threshold — and for good reason, as I shall explain.

- [61] The Committee accepted the joint submission with great reluctance. In the absence of a joint submission, we would have imposed a suspension of 12 months. It is our view that the prior discipline history, the caution administered in 2016, and most importantly, the disturbing lack of honesty and integrity exhibited by Mr. Trotter call for a more significant suspension. We would like these reasons to be a warning to members of the profession that should they engage in similar misconduct, they can expect the Committee to impose a suspension lengthier than six months. We believe a lengthier suspension is required to promote the principle of general deterrence and to foster and maintain public confidence in the CPAO's ability to govern the profession in the public interest.
- [62] Notwithstanding the above, the Committee was unable to find that the imposition of the proposed penalty would cause reasonably informed members of the public to think that the proper functioning of the CPAO Tribunal system had broken down. We understand the importance of promoting certainty in resolution discussions and we accept there are factors relevant to the negotiations of the parties of which the Committee is not apprised. In addition, counsel provided us with case law which could be said to support the submission that the proposed sanction falls within the reasonable range of sanction. Accordingly, the Committee adopted the joint submission.

## **VII. COSTS**

- [63] The law is settled that an order against Mr. Trotter for costs with respect to the disciplinary proceeding is not a penalty. Costs are intended to indemnify the PCC, based on the underlying principle that the profession as a whole should not bear all of the costs of the investigation, prosecution and hearing arising from the member's misconduct.

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<sup>1</sup> [R. v. Anthony-Cook, 2016 SCC 43 ¶ 34](#)

- [64] Costs are awarded at the discretion of the Discipline Committee. It has become customary for the PCC to file a Costs Outline in the same form as used in civil proceedings, and to seek 2/3 of the costs incurred in the investigation and prosecution of the matter.
- [65] The PCC Costs Outline is found at Tab 11 of Exhibit 5. It totals \$97,834.54, 2/3 of which is \$65,223, the amount sought by the PCC. Mr. Trotter agrees with the PCC cost submission.
- [66] The Committee was concerned that of the \$97,834.54, almost \$11,000 (\$10,932) is HST. While the CPAO is permitted to offset HST they collect with HST spent on expenditures, Mr. Trotter will not be permitted to offset any of the \$65,223 costs award. While the Committee is concerned about fairness in this regard, it accepts that the costs award is part of the joint submission and accepts it accordingly.
- [67] The Panel orders a cost award of \$65,223, payable within six months of the date of the Order.

Dated this 17th day of November, 2021

A handwritten signature in dark ink, reading "Fahad Meer". The signature is written in a cursive style with a long horizontal line above the name and a large loop at the bottom.

Fahad Meer, CPA, CA  
Chair of the Panel

Members of the Panel

Anita Ali, CPA, CGA  
Soussanna Karas (Public Representative)  
Michael Yu, CPA

Independent Legal Counsel

Lisa Freeman, Barrister & Solicitor