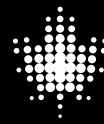


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WHAT DO YOU THINK?

Send your letter to the editor to pivot.letters@cpacanada.ca or to 277 Wellington St. W., Toronto, ON M5V 3H2.

Letters may be edited for length and clarity.

STANDARD-BEARERS

CPA Canada is proud to drive the development of international accounting standards

BY CHARLES-ANTOINE ST-JEAN



Bonjour à tous.

It is an exciting time in the world of standards setting around the globe, and Canada is making its presence felt. From our input on envisioned global sustainability standards to our gift to La Francophonie in translating all international standards, it is clear that Canada—a country of just 38 million people—is punching well above its weight.

As former chair of the Public Sector Accounting Board, I must admit I feel a sense of pride when I witness how Canada's standard-setting structure is respected internationally, giving our country an influential voice in the global ecosystem.

New sustainability standards

The IFRS Foundation recently announced it is continuing its work on the establishment of an international sustainability standards board. Last September, the foundation released a consultation paper on sustainability reporting and invited comment. Canada answered the call. All five of our country's standard-setting bodies responded: the Accounting Standards Board, the Public Sector Accounting Board, the Auditing and Assurance Standards Board, the Accounting Standards Oversight Council and Auditing and Assurance Standards Oversight Council. CPA Canada undertook its own stakeholder outreach process to develop and submit a response letter as well.

The series of responses discussed the importance of leveraging the existing body of knowledge in the sustainability field and highlighted the need for urgency in developing new standards. Canada has long been known both for the quality of its standard setting and for its independent, objective and transparent structures responsible for the delivery of those standards. The profession's ongoing contribution is providing expertise, resources and funding.

In terms of sustainability, CPA Canada has been researching and writing on the issue for several years. We aim to proactively drive the conversation because investors and other stakeholders are looking for greater clarity on how matters like this are being managed.

Former Bank of Canada governor Mark Carney has spoken about the importance of the profession's role in ensuring that accounting comparability and consistency extends across international boundaries. Not surprisingly, Carney, who oversees Environmental, Social and Governance (ESG) investing for Brookfield Asset Management and serves as the UN's special envoy for climate action and finance, has voiced his support for the creation of an international sustainability standards board.

A gift for La Francophonie

A little-known fact about CPA Canada's contribution to standard setting is a gift that goes beyond our borders. Since 2010, we have provided the French translation of international accounting and auditing standards to any country that requires them. In the dozens of countries around the world, many in Africa, that make up La Francophonie, this work has no doubt made an impact and touched the lives of millions of people.

It is a testament to Canada's linguistic duality that we provide this service, free of charge, to our French-speaking friends around the world. These translations make their way from a CPA in Quebec to a Parisian chartered accountant in France to a chartered accountant in Senegal. This contribution aligns with one of CPA Canada's core values: having an international outlook, particularly in the global world of standard setting.

We also look forward to translating the international sustainability standards that emerge.

Deepening our commitment to La Francophonie, CPA Canada also recently updated its English-French accounting dictionary, *Dictionnaire de la comptabilité et de la gestion financière*. This dynamic reference tool can be used on any device and is the most comprehensive dictionary of its kind – integrating the latest terminology from IFRS/IAS, ASPE, CAS, and OCS.

Canada's standard setters have opted to play an active role on the global stage to ensure that the voices of Canadian stakeholders are heard. Our French translations and our ongoing interest around global standards, including sustainability standards, ensure that Canada's voice will remain one of influence on the international scene. The Canadian accounting profession will continue to support this country's standard setters and that will ensure Canada's knowledge and expertise is heard and shared internationally.

And for this I must say, *bravo!* ♦

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Missed opportunity

I wanted to suggest that the article “Human touch” (Jan./Feb. 2021) missed an opportunity to highlight other B Corps owned or run by CPAs who have been operating in the intersection of purpose and profit, and that have been certified B Corps for many years. For example, our firm Rally Assets Inc., and its predecessor Purpose Capital, has been a certified B Corp since 2012. While we are not an accounting firm, we have been operating in the financial services space for more than a decade, providing advice to investors on how to invest to achieve social and environmental benefit and financial returns long before ESG, sustainable, responsible or impact investing was en vogue. And we are not alone. A search on the B Corp website would identify other companies in the broader financial services space as well.

—Upkar Arora, FCPA, FCA, ICD.D
Toronto

Ready and willing

As a CPA candidate, I used to think my accounting career would officially start only after I got my three letters. After my first PEP module, I realized how wrong I had been. The CPA PEP program is unique in the sense that it helps prepare you for the profession while asking you to fully immerse yourself in the real world. Your publication, *Pivot*, also helps me get ready for the accounting world. I recommend

Pivot magazine, along with other CPA publications like *CPABC in Focus*, to every candidate who wants to stay ahead of the industry and stand out among their peers. Knowing the bare minimum is not enough in this day and age. I, as a future CPA, benefit from the articles more than I can express in words. Thank you!

—Jennifer Chun, CPA candidate
British Columbia

Basic questions

The article “Money for nothing” (Sept./Oct. 2020) started a discussion of basic income programs that I hope continues to explore the financial aspects of many questions, such as: What amount provides basic necessities and encourages employment? Who should qualify and at what age? What are appropriate amounts for those in spousal arrangements, for adult children living at home and for those residing in government-supported settings? How should benefits be reduced for employment and other income? What current program expenditures and bureaucracy costs (i.e. disability, workers' compensation) would be reduced or eliminated? What is the net additional cost to taxpayers? These questions and many others will need to be addressed to enable Canadians to decide whether to support a basic income program and, if yes, in what form.

CPAs, uniquely, are highly regarded for their financial expertise, objectivity and independence, and could provide a valuable public service by presenting unbiased financial analyses of basic income programs and the policy alternatives involved. I encourage CPA Canada to do so.

—John M. Warren, FCPA, FCA
Toronto

Pleasant surprise

I am not a CPA, nor do I aspire to have a career as an accountant, but I do work with a number of CPAs. Out of curiosity, I picked up a couple of the back issues of *Pivot* that one of my coworkers had left in a meeting room. I was extremely surprised at the content of your “accounting” magazine! The excellent writing, wide variety of subject matter and manner in which you address timely issues have me hooked. Keep up the great work.

—Martine Marleau
Manager, Corporate Services
Nova Scotia Gaming Corporation

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FIRST IN

PURPOSE DRIVER

LIFE SUPPORT

In the midst of the pandemic, Lesley Gouldie and her team at Thornhill Medical answered the call to get their emergency medical devices to the people who needed them the most **BY MARISA BARATTA**

When Lesley Gouldie and the team at Thornhill Medical were approached by the Ontario and Canadian governments to supply hundreds of their unique MOVES SLC life-support machines, Gouldie, the company's president and CEO, knew they would have to move fast.

Normally, the small Toronto-based company can produce 25 to 50 units per month but, to provide such urgent support, Gouldie helped Thornhill Medical ramp up its operations almost overnight so they could produce 300 to 500 units per month.

"We were able to find a manufacturing partner very quickly," says Gouldie, a CPA, referring to Guelph, Ont.-based auto parts manufacturer Linamar. "They were a great partner. We were able to leverage their supply chain capabilities as well as their manufacturing capabilities to support us to bring our product into market as soon as we could." This move helped the company dramatically increase its capacity. "[We] are very proud that we've been able to provide some level of support and comfort to people with technologies that can help."

Gouldie benefited from her experience as a CPA as she moved to safely scale up operations. Born and educated in South Africa, she became a professional accountant there in 1985. She moved to Canada in 1986, where she developed a keen interest for operations. "Every time I took on a role, I expanded my footprint from the pure financial into more operational," says Gouldie. She gained marketing and sales experience when she ran the higher education division at Nelson and, later, a digital marketing company.

In December 2015, Gouldie was hired as the chief business officer of Thornhill Medical, a role that blended financial support, business development and operations. In February 2019, she became the company's CEO.

What makes Thornhill Medical's mobile ICU devices unique and important in the fight against COVID-19?

Our particular technology is not just a ventilator—it's an integrated life support system, which includes ventilation, an oxygen concentrator, patient monitoring and suction. It's portable, compact, battery operated, clips onto the side of a stretcher and can be used in very extreme environments.

The MOVES SLC passed all kinds of very stringent tests so it can be used for patient transportation. Think about a patient in an ICU unit who's attached to all that technology for life care support and has to be moved by helicopter to another facility. From a logistical point of view, how do you do that? Our technology has life-saving components embedded in it and can be attached to a stretcher so the patient can be moved in a continuum of care, whether they have to be transported to another hospital or just down the hallway.

These devices give the front-line health care workers a whole suite of solutions at their fingertips so they can solve a multitude of different problems.

What is Thornhill Medical's current focus?

We completed the Ontario order and are in the process of finishing up the Canadian order.





We also got an order from the Department of National Defence, which was really great for us because, ironically, our technology—while in use—had not been adopted by Canadians prior to the pandemic. Getting the endorsement of the Canadian government and the provincial government has been fantastically gratifying for us and has made us very proud to not only serve our country but it also will help us with getting Canadian exports going forward. We're expanding our footprint and are in the process of looking to support other jurisdictions; we continue to field inquiries from around the world.

We've also had to rethink our entire business because our go-to-market strategy involved a lot of face-to-face meetings, travelling around the world, in-person training, presenting at conferences and being at trade shows. We can't do any of that stuff now so we're in the middle of revitalizing our entire digital strategy and building all kinds of digital assets.

“SCALING UP TO MEET THE NEEDS OF THE PANDEMIC IS AN EXTRAORDINARY CHALLENGE”

You had to move quickly to scale operations while also juggling public health guidelines to help protect employees' health and well-being. What was that like?

Our team is fairly accustomed to thinking about crisis response and agility, just because of the nature of the products we develop and manufacture. It's part of our mindset.

Scaling up to seize this opportunity and meet the needs of the pandemic is an extraordinary challenge.

It really was an unprecedented task, but people were amazing and, to me, it gave everybody in our company the opportunity to be a leader because there wasn't time to ask questions—everybody had to act really quickly. What was so heartening to me, as a leader and as a human being, was to see everybody so willingly step up to the challenge and be so proud that we could actually be part of the solution.

In what ways has your accounting background been beneficial to your work?

My CPA training helped me move forward with confidence to act with the speed that I needed to. When working in a company adjunct on its life cycle, there are many things you have to take into consideration—such as securing financing, managing working capital and prioritizing spending. My CPA experience and learning early on in my career enabled me to do that in a very confident way and made that aspect of my job so much easier.

With scaling up, I had to make so many decisions of extraordinary magnitude—in terms of dollars and in being strategic—in a very short period of time. We were all making decisions in a week that normally take six to nine months. Having had that financial training and background really enabled me to have the confidence to do it and to act quickly.

When you're scaling very quickly and dealing with suppliers who are scaling very quickly, and you're dealing with medical devices, you've got to make sure that all the quality processes are still being complied with and that the business is protected. Risk mitigation and understanding and managing risk are a really big part of what you learn as a CPA.

From the front lines

Lesley Gouldie offers some hard-earned advice for small and medium-sized businesses as they continue to weather the effects of the pandemic

1 Business owners: take care of your health first. “You need to be healthy both physically and mentally to make sure your business can be sustained.”

2 Manage your fixed costs. “When you're a small business, this is one of your biggest challenges. Maybe there's a way you can share your overhead with like-minded businesses, cost-share or develop some economies of scale.”

3 “Deconstruct and revisit your business model because you can shift how you deliver your offering. Perhaps you can monetize things that previously you hadn't thought of.”

4 Improve your e-commerce platform and digital strategy. “If you don't have a digital presence and an e-commerce platform, that's very challenging. You may think your business doesn't need them—it does.”

5 Seek outside professional advice. “Sometimes it's worthwhile getting professional advice on potentially restructuring or eliminating costs. You may not want to spend the money in the short term, but if they can help you reframe your cost structure, it could be very beneficial in the long term.”

Simply the best: taking steps to make next tax season even better

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You're in the home stretch – you've made it through April 30th and have just a few more weeks to go until June 15th. After just finishing personal tax season, the best time to plan for next year is NOW while it's fresh in your mind. The key to a successful next tax season is to turn your pain points into process improvements. Here are some thoughts on how to use what you've learned to improve things for next year.

Gather input from everyone involved

You know what your pain points are but you were only one part of the tax season process. It's important to gather input from everyone involved both from the accounting side and the operations side. Everyone has a role to play in making tax season go smoothly and other team members will have insights you don't. Consider reaching out to some safe clients to get feedback from them or send out a post tax season client survey. Don't assume you know what the client experience was like.

What worked

Don't lose sight of what worked well during tax season. You may not need to reinvent the wheel, it might just need a few adjustments to the process. Ask yourself and your team questions such as: did you have the right people involved? Was your intake process smooth? Were you able to enjoy some weekends with your family? Whatever worked, keep a list and think about why it was successful so you don't overcomplicate something that was already working. Starting the conversation by discussing the things that worked, can help you start in a positive frame of mind and allow you to actually hear what others have to say. If you're doing this as a group brainstorming session, you're also more likely to get others talking if you start with the positive.

What didn't work

Once you've laid the groundwork for what worked, be honest with yourself and your team about what didn't work. Do not attach names or blame to these items, just write them down. You're not trying to solve them at this point, you just need to get a list of what should be improved for next year. Was it difficult for clients to provide you their information? Did you get the same question from multiple clients, which took up valuable time? Were there certain returns that fell through the cracks? If so why? Was everyone working evenings and weekends the entire month of April? Don't overthink this list or dive into how to fix things. The first step is to gather the list. Consider doing this rapid fire with your team to avoid going down any rabbit holes or getting stuck in the negative.

Discuss how to improve things

Now that you have the list of what didn't work, have the team come up with improvement ideas. Don't comment on any of them – just capture them. Often ideas build on each other, so something you think is a bad idea might spark a creative idea in another team member. Once you've got the list of improvement ideas down, go back and revisit the list of what didn't work. Do any of these improvement ideas directly relate to what didn't work? Match them up. Do they negatively impact anything that did work?

Have an open discussion with your team and distill this list down. Be clear on the amount of time for this part of the meeting and have a process for allowing everyone to be heard. It's important to know who makes the final decision about what changes will be implemented prior to going into this meeting. At the end make sure you have improvement ideas to resolve all of your pain points. You don't want to get to next year and relive them all over again.

Take action

Once you've come up with the improvement ideas, brainstorm what the next actionable steps are to put them in place. Assign an owner and a deadline for each action and decide who is going to own this improvement process. Make sure to document all of the notes somewhere everyone can access. What seems like an obvious improvement now may not seem obvious by the time you get to next tax season.

Remember to meet with those involved in the action items to wrap things up. By marking your calendars for a meeting in early December, you can start things rolling for tax season 2022.

The most successful people often use pain points or failures as the starting point for change and improvement. With these improvements in mind, here's to making tax season 2022 your best year yet!

By Allison Hawkins

National Xero Ambassador, Canada

Allison is the woman behind the Hawkins & Co brand. Over her career, she has built business models to help clients obtain financing, as well as reviewed business processes across a wide range of companies. Since 2007 Allison has helped develop start-ups and owner managed businesses from financing to setting up POS systems.



Has your work experience over the past year led to any lessons other CPAs could learn from?

The first thing I recommend is to develop the credentials and secure the business experience for speedy decision making. Not only is that very useful in times of crisis, but even on a day-to-day basis. When you're a CPA, a partner to the management team and an integral part of a business, developing that capability will be welcomed by your management team and the stakeholders because they can get on with their jobs much quicker if they have a financial partner who can make really thought-out decisions quickly.

Another thing is to really understand managing working capital. When you take a finance course, they teach you that cash is king and, honestly,

it really is, so understand it. It informs strategic decisions and absolutely enhances your negotiating position when you're dealing with suppliers, strategic partnership agreements and customers. It also helps you protect and grow your business, which all of your stakeholders will appreciate.

I also recommend building your rolodex across all functional areas. I was able to double the size of our company almost overnight by bringing in resources to support our company in a time of need. Regardless of whether you're managing in a crisis or just in general, or you're in a small company or a large company, having access to excellent talent always serves you well. So, build those relationships, maintain them and you will be well served by doing so because you just never know. ♦

CHANGING IDENTITY

BY STEVE BREARTON

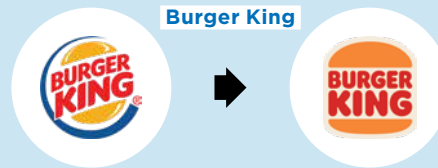
Brand logos are the public face of a company, and changing a company's visual identity is a lengthy, complex and often expensive process. In 2000, British Petroleum spent a reported \$200 million to rebrand the oil company as an environmentally friendly firm focused on sustainable energy. The payoff? Surveys later found BP was considered the greenest of all oil firms. Here are recent examples of companies trying to convey new stories to consumers:



Boasting 40 years of experience in aerospace technology—including work on Canada's Alouette satellite program and the Canadarm family of space robotics—the Ontario-based company formerly known as MacDonald, Dettwiler and Associates created a new visual identity to highlight their “soaring space ambitions.”

How they describe the new look

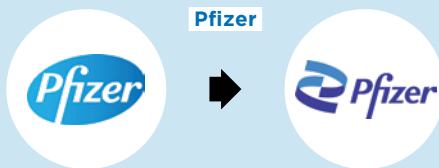
“A collaborative, optimistic and ambitious posture as an independent, pure-space-play company that is well positioned for the emerging space economy.”



The U.S. fast food company announced a new logo with the tweet “out with the old, in with a new classic.” The company noted they took the blue out of the design because they “[don't] sell any blue food.”

How they describe the new look

“We wanted to use design to help close the gap between the negative perceptions a lot of people have of fast food and the positive reality of our food story by making the brand feel less synthetic, artificial and cheap, and more real, crave-able and tasty.”



Pfizer's first significant visual makeover in 70 years has the New York pharma giant abandoning their blue pill logo for a design featuring the structure of a DNA molecule.

How they describe the new look

“Our new logo signals [a] shift from commerce to science. We've unlocked the pill form to reveal the core of what we do: a double helix, spiralling upward.”



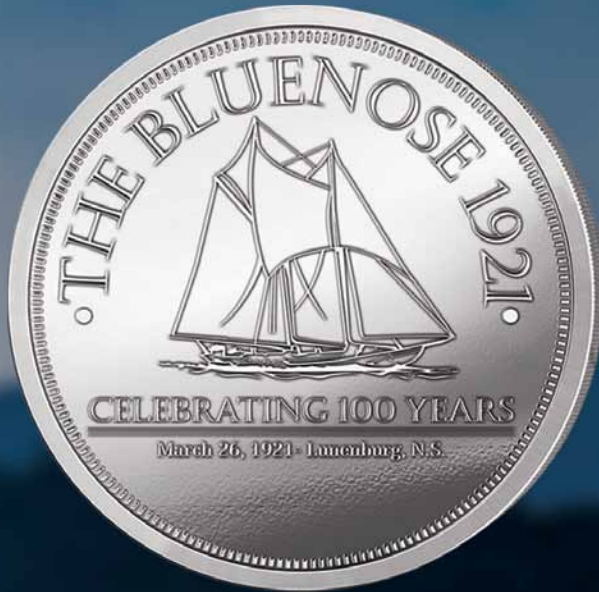
General Motors launched new branding that reflects the automaker's focus on electric-vehicle technology. The new logo is only the fifth visual identifier in the brand's 113-year history.

How they describe the new look

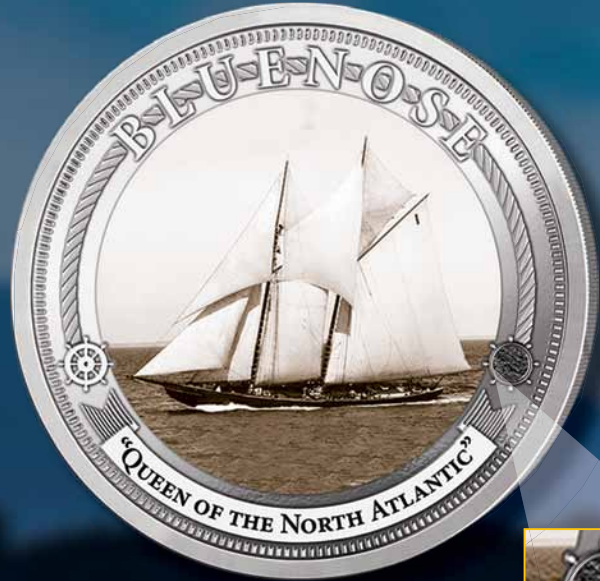
“There are moments in history when everything changes. Inflection points. We believe such a point is upon us for the mass adoption of electric vehicles. Our new brand identity and campaign are designed to reflect this.”

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shore where she launched in 1921



Design subject to change. This fine collectible is not legal tender and bears no monetary face value. Shown smaller than actual size 38.6mm.

Back features more imagery of
Bluenose within a nautical design

KEY DETAILS

EXCLUSIVE COIN: Intended as a collector's item, this commemorative coin is richly plated in 99.9% silver and offered in coveted Proof Condition.

LIMITED RELEASE: Limited quantities will be minted for worldwide release. Due to the extremely low quantity available, only the earliest responders will successfully secure this unique, non-monetary proof coin.

ALL-NEW DESIGN: Honours the centennial of the launch of Bluenose, Canada's enduring symbol of pride, perseverance and success. The front features a vintage image of the famed schooner expertly printed in sepia tones.

SPECIAL ENHANCEMENT: Accented with sand from the actual shore in Lunenburg, Nova Scotia where Bluenose launched in 1921

SECURED AND PROTECTED: Your proof coin arrives sealed within a crystal-clear capsule and comes complete with a Certificate of Authenticity.

CELEBRATING A CENTURY OF SYMBOLIC PRIDE

On March 26, 1921, the fishing and racing schooner *Bluenose* launched off the coast of Nova Scotia under the captaincy of Angus Walters. Over the course of the next 17 years, she would own these waters, earning the moniker “Queen of the North Atlantic” for her racing prowess. To this day, Bluenose is revered across Canada for her achievements of a century ago, and remains a symbol of tremendous achievement. Now The Bradford Exchange honours her centennial with this highly-collectible Proof Coin plated in 99.9% silver and enhanced with a capsule of sand from the Nova Scotia shore where she launched.




Truly Unique and Strictly Limited...Order Now

To reserve your “Queen of the North Atlantic” *Bluenose Centennial Proof Coin*, backed by our 365-day guarantee, send no money now. Just return the Limited Availability Notice to lock in the \$59.99* issue price. But hurry—availability is limited, so don't miss out. By accepting this reservation, you will be enrolled in the *Bluenose Centennial Proof Coin* Collection, with the opportunity, never the obligation, to collect future issues. Very strong demand is likely for this new proof coin that honours the enduring symbol of Canadian pride and success, so don't wait. Reserve now at issue price—and you may cancel at any time simply by notifying us.

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Mrs. Mr. Ms. Name (Please Print Clearly)

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City

Province Postal Code

E-mail (optional)

923003-F95640

*Plus \$12.99 shipping and service. All orders will be charged GST, HST or PST as appropriate. Please allow 4-8 weeks after initial payment for shipment. Subject to acceptance at home office and credit approval. Prices in offers subject to change.

PICTURE THIS

KNOCK ON WOOD

Canada's guitar-makers are trying to keep up with a sales surge while finding new ways to build their instruments **BY DAVE ZARUM**

With so many of us housebound and eager to try new hobbies, or return to those we've neglected, it's no surprise that 2020 was the biggest year for guitar sales on record. Whether it's novices who finally worked up the nerve to learn the instrument or seasoned players pouncing on any excuse to add to their arsenal, the demand has left guitar manufacturers busier than ever.

North American guitars are internationally renowned as the highest quality on the market, a reputation that has helped Canada's guitar market grow. Today, Canada boasts a robust community of guitar-makers, with dozens more guitar-builders (referred to as "luthiers") graduating from luthier schools across the country each year.

"The guitar market in Canada is weird," says Mike Kurkdjian, founder of Prestige Guitars in Vancouver. "Companies like ours, that are not well-known in our country, tend to be a lot more recognized in the United States and overseas."

One manufacturer, Quebec-based Godin, dominates the Canadian manufacturing landscape. Godin owns popular brands like Seagull and Simon & Patrick, and operates numerous large-scale production facilities. It produces an estimated 200,000 instruments per year.

There's a sizable gap between Godin and the rest. The second-largest manufacturer is believed to be Prestige, which has six employees—Kurkdjian included—and produces a relatively modest 3,500 guitars in a given year. It's notoriously difficult to crack into the Canadian market, where the largest retailer, Long & McQuade, holds distribution deals with major American brands like Gibson and Fender. Stocking its stores with lesser-known homegrown instruments could theoretically jeopardize lucrative distribution deals.

But Canada's guitar-makers have one notable advantage over the competition: wood.

"A lot of the industry's woods come from our backyard," says Kurkdjian, citing several maple species, along with cedar and spruce, all of which are used by the industry's biggest brands.

Prestige gets the majority of its wood from nearby



Canadian-made string instruments are estimated to generate roughly

\$88M

in revenue in 2021

lumber supply company Bow River Wood to Works. The wood is then dried and stored in Prestige's wood library, before pre-stencilled billets—or wood sets—are sent to a manufacturing plant in South Korea. There, the instruments are cut to shape, routed and outfitted for the electronic hardware that will be installed once they are returned to Prestige's workshop, where finishing work, like custom paint work and other installations, is completed. "It allows us to operate at a production level without having to employ the staffing or invest in the heavy machinery and 10,000-square-foot facility that would be required."

Bow River offers both local and exotic woods to luthiers across the country, like Lenny Robert, founder of Montreal's Daddy Mojo Electrics. Robert uses his fine arts background to craft unique guitars and, among the lines of instruments he produces, has found a niche making guitar bodies



1. A luthier at Vancouver-based Prestige Guitars put this instrument through its final phase of production: the stringing.

2. Body and neck blanks are formed and stenciled before being shipped to Korean instrument plant, World Music, where they are cut to shape and routed for electronics.

3. Woods are carefully selected and stored at Prestige Guitars' wood library. The woods are palletted and prepared to ship for production quarterly.

4. Prestige Guitars founder Mike Kurkdjian at the company's Vancouver showroom. Kurkdjian began his career in the guitar-building industry 17 years ago at Larrivée before establishing Prestige in 2003. Among Prestige's best-selling products is a Devin Townsend signature acoustic model, the 'Empath'.



5



6

from reclaimed cigar boxes. His cigar-box guitars have been a hit, with a client list that includes musicians like Ronnie Wood and Jack White.

But Robert, like all guitar-builders, witnessed a major shift in recent years. In 2017, the Swiss-based Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) successfully lobbied to restrict the trade of rosewood in North America—believed to be one of the most illegally traded woods. Often unsustainably sourced from Brazil, rosewood is a popular dark wood species used in mass furniture production. It's also traditionally used to build guitar necks and fingerboards.

“The whole collective consciousness in terms of sourcing woods in a responsible way really synergized when CITES came into effect,” says Robert. The CITES restrictions have pushed luthiers like him to experiment with new materials and techniques. Robert began “cooking” maple necks, which not only dried them out further but also darkened the colour. Lately, he's even been using paper and resin composites in place of rosewood and ebony altogether.

At Prestige, Kurkdjian didn't need much in the way of convincing—his company had already been running an initiative with organizations like B.C. Parks in which a tree was planted for each guitar that was made. He's also swapped Prestige's rosewood necks, opting for pau ferro, a Bolivian species, the use of which is regulated by the Bolivian government. “It looks like rosewood and feels like rosewood,” he says, “but it's not rosewood.”

The CITES restrictions were lifted in 2019, but most manufacturers remain committed to the ethical and sustainable sourcing of woods. Toronto's Frank Brothers Guitar Company, a boutique operation that manufactures up to 100 electric guitars per year—almost all of which are built to order—has sourced woods like mahogany from community forests in southern Mexico.

“We're not building dining room tables over here, but you still have to find a sustainable supply,” says co-founder Tim Frank, adding that the forests are “run by the community itself, who harvest and replant the trees in a sustainable way.”

Whether or not the guitar-building industry will remain committed to limiting the use of rosewood remains to be seen. But the adoption of new, non-traditional materials clearly isn't scaring away customers. Canadian string instruments are projected to generate roughly \$88 million in revenue in 2021 and are projected to grow annually by 5.8 per cent between 2021-2025. ♦



7

5. Lenny Robert, founder of Montreal's Daddy Mojo Electrics. As builders move away from using traditional yet unsustainably sourced dark wood species like rosewood, Robert has experimented with alternatives like paper and resin composites.



8

6. Robert's fine arts background helps influence his design ideas. Initially, he found inspiration from old blues guitars made from reclaimed materials.



9

7. Twin brothers Nick, left, and Tim Frank at the Frank Brothers Guitar Company's Toronto workshop. Music runs in the family's blood—dad Jim was an award-winning record producer who worked with the likes of Peter Gabriel and The Guess Who and grandfather, Philip, played first violin for the NBC Symphony Orchestra.



10

8-10. With humidity set to a constant rate, sustainably-sourced woods are dried and stored at FBGC headquarters for as long as five years before being cut, processed, and assembled.

WORK LIFE

MIX AND MINGLE

Being agile, engaged, and comfortable in discomfort are all keys to success in the new era of networking



JEFF
BUCKSTEIN

The COVID-19 pandemic has shaken up our personal and business lives in ways that would have previously been unimaginable.

“No longer can we potentially just go to an event,” says Jean McClellan, PwC Canada’s Calgary-based National People and Organization leader. “We have to think logically through who we want to meet in our lives and seek out those people in a much more deliberate way.”

Networking in an era of social distancing requires the mastery of new skills through technology and social media. There are many tips and strategies that CPAs and other professionals can follow to remain current and relevant with their peers. Here’s a small sampling:

1. Participate in sophisticated online programs that simulate both conference gatherings and breakout sessions for smaller groups to network.

“We’ve had some amazing conferences that would have been impossible in a physical world,” says Stephen Harrington, the Ottawa-based leader of Deloitte Canada’s Workforce Strategy and the Future of Work Advisory. In fact, he notes, online conferences afford the opportunity to have much larger groups of people come together from wider geographic areas, which also helps improve the diversity of thought at those meetings.

Participation can also yield extremely efficient results. “I’m used to getting on a plane and meeting with senior executives across the country, but that takes away my time,” says McClellan. “Now, with a video conference or phone call, I get access to far more people in farther reaches of the country and the world.”

2. Remember that CPA and client networking can be facilitated briskly online.

Elena Hanson, founder and adviser with Hanson Crossborder Tax Inc. in Oakville, Ont., assists clients with cross-border tax implications, most often involving both Canadian and U.S. tax provisions.

Prior to the pandemic, “my typical networking would be with professionals in adjacent fields,

such as employment lawyers, tax lawyers, money managers and financial advisers on either side of the border,” she explains. “I regularly travelled at least once every two months across the border for various events—whether conferences or client meetings. That ceased since the pandemic hit. We’re now located online. Everything we do is digital,” she explains.

Hanson says she considers herself lucky. She’s been in the profession for over 20 years and has had the opportunity to build a large network of contacts that she’s maintained relationships with online since COVID-19 struck.

3. Try to push beyond your comfort level.

Tiki Cheung, a Toronto-based partner in EY Canada’s Strategy and Transactions practice, recommends that junior professionals not be shy about asking their existing contacts to help introduce them to new people online. “Try and get yourself uncomfortable and start pushing the boundaries a little bit,” she says.

“BEING PRESENT ON CAMERA IS REALLY IMPORTANT IF YOU’RE GOING TO MAKE A PERSONAL CONNECTION”

Experts advise that wherever possible the camera should be turned on when networking online. “I know it can be exhausting and, for some people, especially introverts, painful. But being seen is extremely powerful,” says Harrington.

“Being present on camera is really important if you’re going to make a personal connection,” adds McClellan. “We know people get about 45 per cent of [their] content through vocal interaction and the balance—about 55 per cent—is through their body language.”

Regular, proactive communication with members of an existing network is especially important during pandemic times.

“Some clients prefer to do most work by email, but I would suggest that we don’t fall into a pattern where we only rely on email,” says Cheung. “Pick up the phone or set up a quick call on Teams or Zoom. Having that ability to speak still goes a long way toward establishing a real life relationship.”

Harrington recommends that CPAs set aside time each week to connect with colleagues without any agenda other than to see how they are doing

When connecting with others,
55%
of content comes via body language

and if there is anything on their minds they want to discuss. Those sorts of conversations “show the other person that you’re checking on them and you care about something other than whether a deliverable is done,” he explains.

Leaders, in particular, need to spend time online building and maintaining the influence needed to be successful in their careers. “We often make the mistake of thinking that influence is just about your ability to persuade. It’s not. It’s also about your network and how you could utilize that network to get influencing done,” Harrington adds.

Keeping up-to-date profiles on social media sites like LinkedIn or Twitter is also an important networking strategy.

“Make sure [your] social profile is out there, and it’s professional and intriguing,” McClellan stresses.

Experts predict that even after COVID-19 has receded and social gatherings can safely proceed again, both professionals and their clients will have established a level of comfort and efficiency in connecting remotely with each other. “A lot of what we see today will be adopted and stay with us,” says Hanson.

In other words, these networking strategies are more than temporary. ♦

Jeff Buckstein, CPA, CGA, is an Ottawa-based business writer who has written on accounting for Canadian newspapers and magazines since 1995.

SHAM, WOW

A catalogue of recent cons

BY DAVE ZARUM



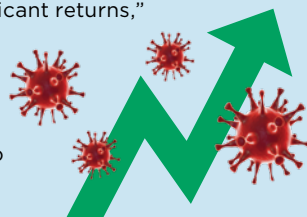
“Listen bud, your money is gone”

What one brazen Kijiji scammer recently told a Canning, N.S., victim after being confronted via phone. A fake business, calling itself Box Containers LLC, had been claiming to operate a real Bridgewater, N.S., retail container and storage company. Box Containers LLC advertised on Kijiji. That’s where the victim saw the online ad and inquired via email and text message. “I got legitimate answers back,” he says, ultimately agreeing to pay \$4,020 for a 40-foot container that never arrived. Several customers fell victim, although the Nova Scotia RCMP admits it is extremely difficult to catch these types of scammers, who operate via bank accounts outside the country. “These fraudsters can be very convincing and deceptive,” RCMP spokesperson Sgt. Andrew Joyce told the CBC. In order to avoid becoming a victim, Joyce added, do what you can to verify in person that both the item and seller are authentic.

PHOTOGRAPHS BY ISTOCK

“Be wary”

Is what the Alberta Securities Commission (ASC) is telling Albertans, cautioning investors about a prevalent COVID-19 related scam. The “pump-and-dump” scheme offers opportunities to invest in pandemic-related products or services—including some falsely claiming to detect and cure the coronavirus—and reap the returns. In the process, the scammers artificially inflate the price of penny stock shell companies. “They create a shell company and start promoting it with the promise of significant returns,” ASC spokeswoman Hilary McMeekin says. “Just be wary of these things. There are legitimate companies out there trying to grow and looking for investment, and we want to support that. But the message to investors is to do your research before you jump in.”



8,583

Canadians fell victim to pandemic-related fraud between March 2020 and mid-January 2021, according to the Canadian Anti-Fraud Centre (CAFC). One prevalent fraud involved thousands of fake websites impersonating the federal government. The websites aim to fool users into downloading COVID-19 exposure notification apps that infect user devices with malware designed to steal personal information. The CAFC says it has helped remove more than 4,000 such fraudulent websites.



300%

Increase in text-messaging scams in the third quarter of 2020, according to security firm Proofpoint. Texts appearing to be sent on behalf of large companies like Amazon and Netflix have been targeting consumers, warning of shutting down their accounts due to late payments. The messages are accompanied by a link that will prompt users to enter their financial details and other data typically sought by identity thieves.

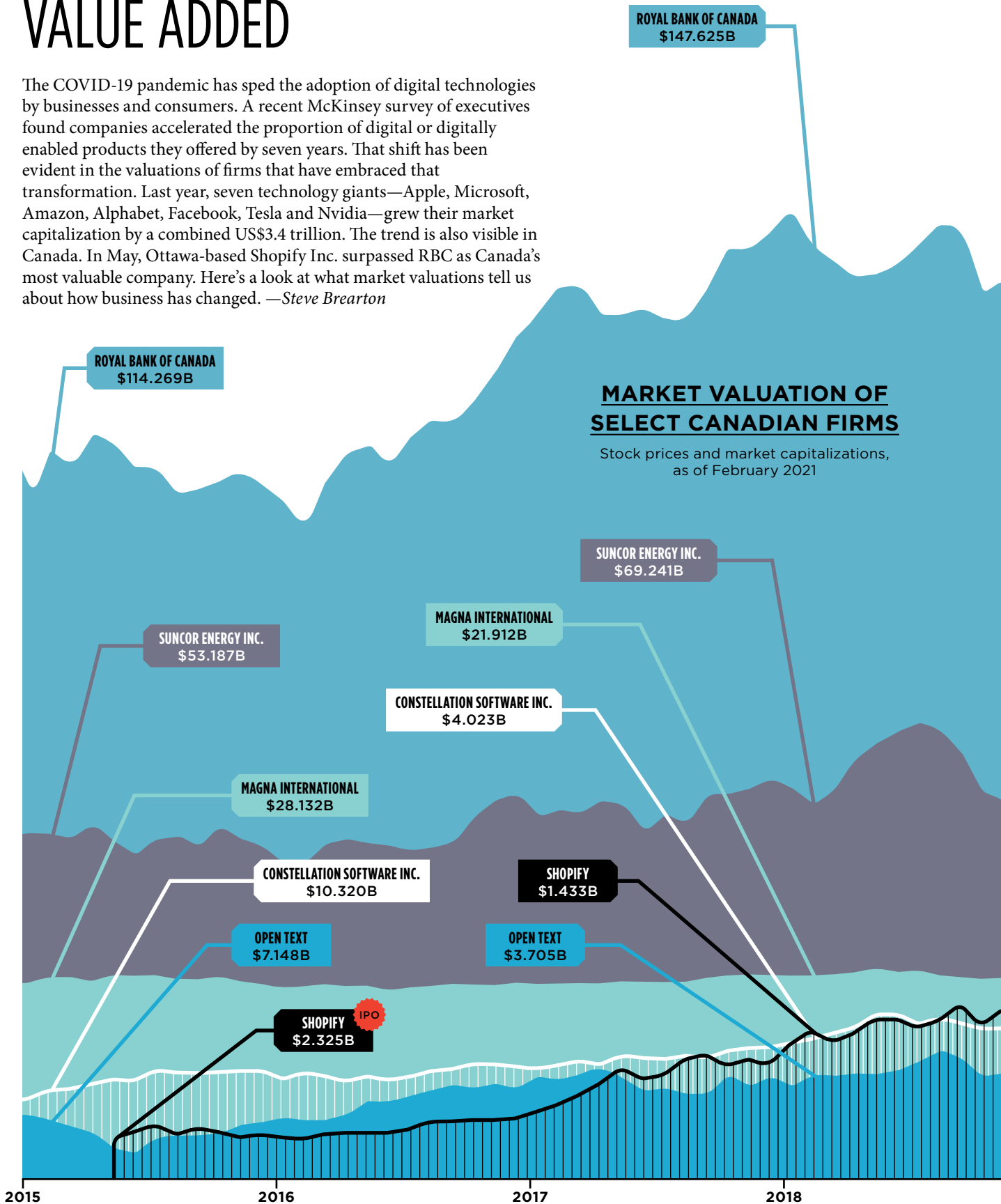
BY THE NUMBERS

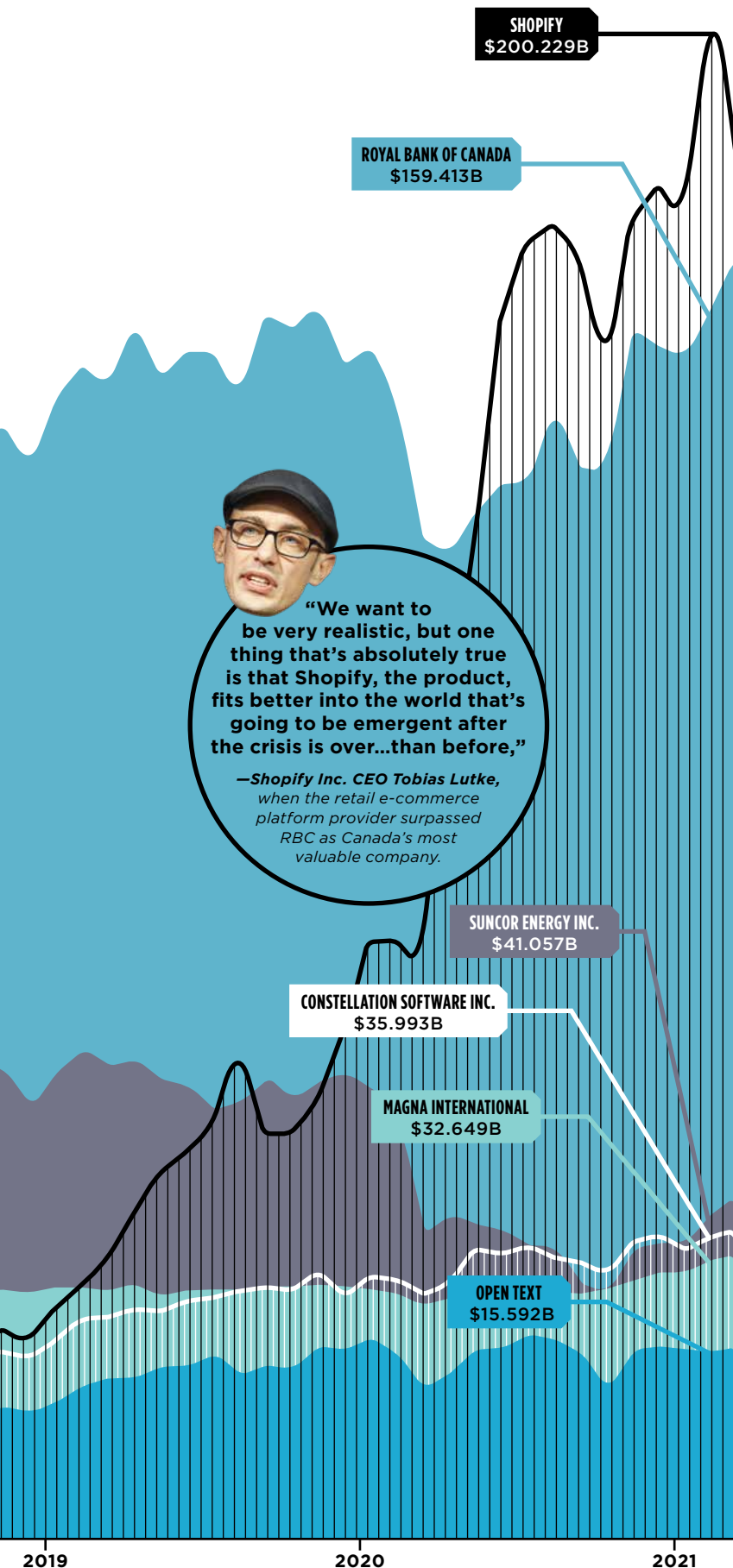
VALUE ADDED

The COVID-19 pandemic has sped the adoption of digital technologies by businesses and consumers. A recent McKinsey survey of executives found companies accelerated the proportion of digital or digitally enabled products they offered by seven years. That shift has been evident in the valuations of firms that have embraced that transformation. Last year, seven technology giants—Apple, Microsoft, Amazon, Alphabet, Facebook, Tesla and Nvidia—grew their market capitalization by a combined US\$3.4 trillion. The trend is also visible in Canada. In May, Ottawa-based Shopify Inc. surpassed RBC as Canada’s most valuable company. Here’s a look at what market valuations tell us about how business has changed. —*Steve Brearton*

MARKET VALUATION OF SELECT CANADIAN FIRMS

Stock prices and market capitalizations, as of February 2021



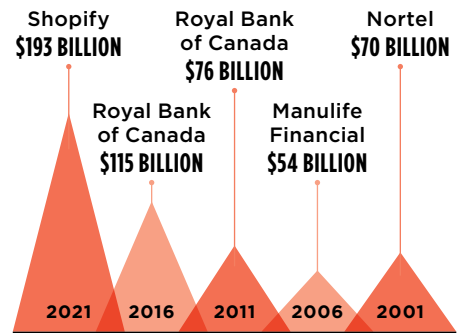


GROWING UP

\$946 BILLION

Growth of total market capitalization of TSX-listed companies in the five years leading up to February 2021, when valuation was \$3.196 trillion.

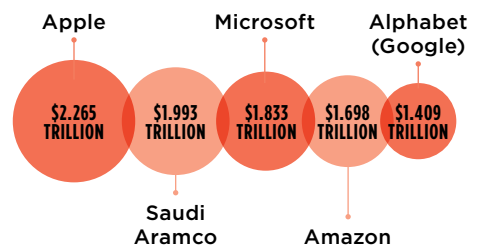
CANADA’S MOST VALUABLE COMPANY, 2001 TO 2021



TRILLION-DOLLAR BABIES

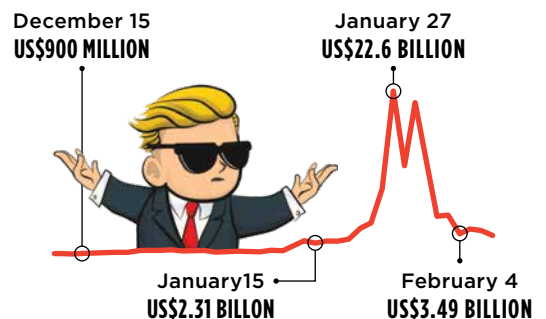
\$2 TRILLION

On August 15, 2020, Apple became the first company to surpass US\$2 trillion in valuation. The market capitalization of the stock rose US\$1 trillion in the 21 weeks following global pandemic lockdowns.



GAMESTOP VALUATION ROLLERCOASTER

The fall and rise and fall of GameStop Corp. (GME), fuelled in part by Reddit message board / WallStreetBets, provided a stunning example of investor frenzy.



NEW KIDS

ON THE

BLOCK

They're independent. They're mobile.
And they're ready to revolutionize
the accounting profession.
Meet the next generation of CPAs

BY ANDREA YU

For decades, many new accountants were determined to land a job at a big firm, work hard and inch their way up the ladder to success. But the next generation has different dreams in mind. Maybe it's the freedom afforded by new technology, or the crop of new industries shaking up the business world, or even the global pandemic that's transformed the way we work. Whatever it is, a well-paying, steady job isn't enough anymore. This new cohort wants flexibility. They want meaning. They want to change the world.

Rosemary Venne, a retired professor at the Edwards School of Business at the University of Saskatchewan, researches demographic patterns and how they affect the labour market. Even before the pandemic, Venne says, there was a rise in individualism among Gen Z and millennial workers. "People value personal autonomy and agency," Venne explains. "They expect to have greater input and influence over their work." They're also more vocal than previous generations—and by speaking up,

young CPAs are able to help modernize their organizations, pushing their firms to invest in new systems and technology, like automation and cloud-based software.

And then there are the CPAs who are leaving traditional employers altogether, choosing to work in new fields like AI, cryptocurrency and virtual reality—spheres where they can help build an industry from the ground up. These might be high-risk moves, but they offer big rewards. Many of these jobs come with increased flexibility: the opportunity to work when and where you want. And post-COVID, many CPAs will choose to keep working from home, at least sometimes. According to a PWC survey, only one in five employees want to go back to their workplace full time. The pandemic is making all of us take stock of our desires and make big decisions. Many young accountants will come out of the pandemic realizing that satisfaction outweighs stability.

We spoke to five newly minted CPAs, working in big firms and industry, about their professional goals, new specialties and the post-pandemic future of accounting.

Murjanat Dambatta, 26

Senior financial analyst, Fire & Flower
Toronto

CPA designation: February 2020

Specialization: cannabis and retail

Last year, I was working for a senior-care company doing financial reporting. I wanted to stay in accounting, but I didn't want to only do financial reporting. One day, I saw an opening for a senior financial analyst at the cannabis retail company Fire & Flower. I'm not a cannabis user myself, but I was interested in the job. I wanted to gain experience in public company reporting. So I applied and got the position.

The finance department at Fire & Flower is only about 10 people. Because our team is small, I get to do a bit of everything. I've become an expert in subjects like shatter, wax, dried flower, pre-rolls, base oil and edibles. I do lease accounting, and I also work closely with the financial planning and analysis team. Fire & Flower is a publicly traded company, so I get to work in management discussion and analysis as well. The company is rapidly expanding, so I've even had the opportunity to do some acquisition accounting.

At my job, no two days are the same. I love how complex the accounting issues are. We have 79 retail stores, so I can see how everything comes together. Or there might be a huge acquisition, and I'll get to do the accounting for that. The other day, when I went out grocery shopping, I came across one of our stores. I got super excited because I'd recently set up the lease schedule for that location. There was a lineup at the entrance and I thought to myself, "The money those customers are about to spend is eventually going to end up in the financial statements that I analyze."

The nice thing about working for a new company is that we don't have to worry about transitioning outdated legacy systems into newer ones. This is the first

company I've worked at that uses cloud-based storage, which makes it so easy to collaborate with my teammates. I can access the cloud from my phone, so I don't even have to go to my desk to share a document with a team member. I think more accounting firms will be using cloud storage in the future.

I'm still fairly new to cannabis and I'm enjoying the ride. I think I'll stay for a while. But there are so many fast-paced, exciting industries that need accountants; industries that will keep you on your toes and solving different problems.

A lot of people think accounting is a boring job. But I'm definitely not bored at work

I'd love to work in AI and tech, crypto or even virtual reality.

For fresh graduates, I'd recommend not jumping into industry right away. Allow yourself to go through the audit route, to cook, to marinate and to get your hours done because it will expose you to different companies and open a lot of doors. Once you're at a senior level, you can get out and try different industries. A lot of people get too comfortable—they're scared to take a risk and step outside that box. But what if you find your passion somewhere else? If you hate it, then you can always go back to the firm.

I'm excited to see how the cannabis industry will change and grow over the years. When COVID-19 hit, cannabis was deemed an essential product and stores stayed open. To me, that's proof that it is essential and here to stay. A lot of people think accounting is a boring job. But I'm definitely not bored at work.



Carter Wilson, 25

Senior associate, MNP
Winnipeg

CPA designation: March 2021

Specialization: Indigenous accounting

I was born in Peguis First Nation, two hours north of Winnipeg. When I became an accountant, I knew I wanted to work in the Indigenous sector. First Nations need a strong financial reporting process to improve the lives of their members. CPAs can project funding needs for schools or health centres so they get more resources to deliver services, or help ensure there's funding to repair key infrastructure, like water and electricity services.

A First Nation can be much more complex than any private business. Normally, a business only needs to produce one income statement. But First Nations

businesses and organizations might have hundreds of income statements to report how their funding has been spent. While articling at MNP, I audited businesses owned by Indigenous people, like hotels, restaurants and stores, along with First Nations government organizations.

After two years in the audit department, I switched over to consulting. Now I mostly work with Indigenous government organizations, like health centres, personal care homes, housing departments and education administration.

At first, we take care of their bookkeeping. Then we train their staff to do it themselves.

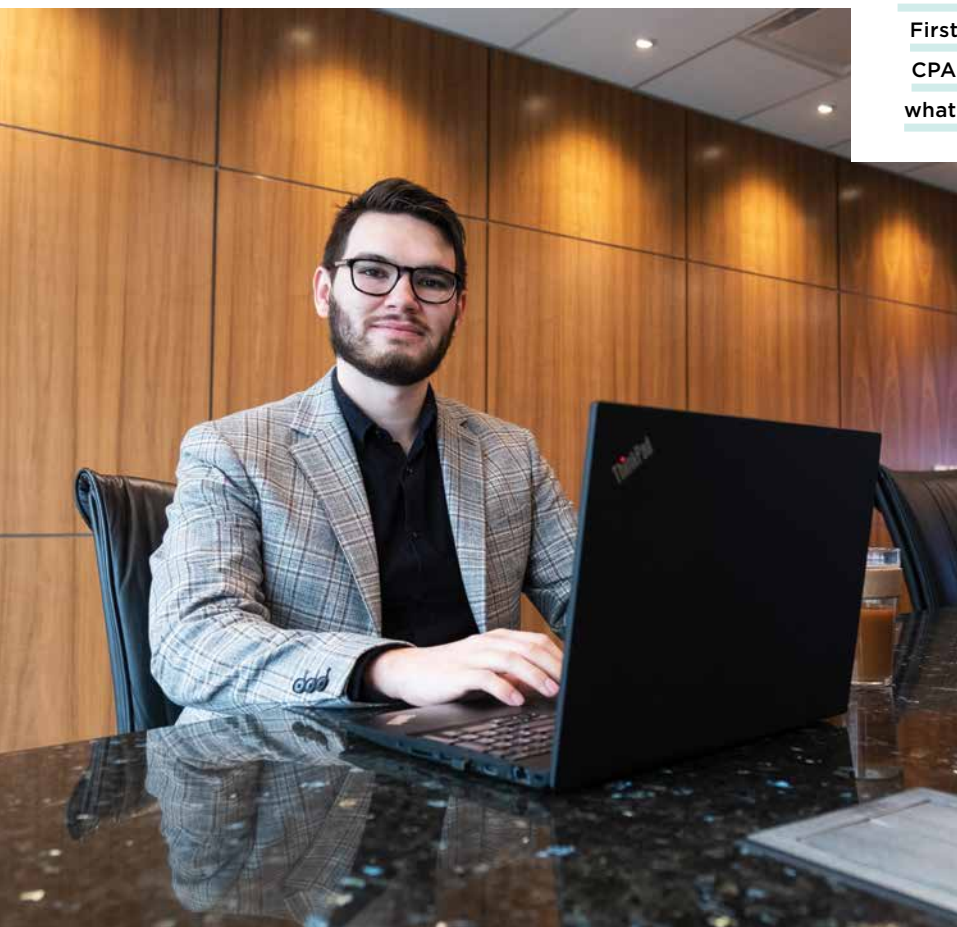
Before the pandemic, whenever I first started working with a First Nation, I would usually fly up once a month and stay for a week to learn about how they operate their business. Once, we needed to take four flights, mostly on small planes, to get to a remote northern community. We were told to bring our own food, blankets and water. It's important for us to understand who we're working with, to learn how they live and what their communities are like.

I'm excited about the chance to improve Indigenous people's livelihoods through better financial practices. Early in the pandemic, one client was having trouble processing cheques to pay people because of the lockdown, so I helped them set up cloud-based accounting software. A lot of our clients don't have great internet access, and sometimes we have to get creative—for example, we might set up a server in their community that we can access remotely. The future of accounting in northern communities depends on reliable internet. Once that exists, cloud-based accounting systems will help relieve their administrative burdens.

If I had my way, there would be hundreds of First Nations CPAs. That's what we need

I work with around eight First Nations clients at a time, and I'm usually the only Indigenous person on our accounting teams. My clients trust me because of my knowledge of Indigenous history and culture. They can tell me what keeps them up at night. Some clients specifically request to work with me on their projects because I make them feel comfortable. Of course, I'm not travelling much anymore because of COVID. While I miss face-to-face interactions with clients, it's much easier to connect over Microsoft Teams or Zoom than to fly a small plane into the North. It's more efficient: because there's less travel time, I can meet with multiple clients in a day rather than spending a full day travelling.

I passed the CFE in fall 2020, and I recently received my designation. My colleagues call me a unicorn, because it's so unusual to see a young First Nations CPA. If I had my way, there would be hundreds of First Nations CPAs. That's what we need.



PHOTOGRAPH BY DANIEL CRUHP



Nicole Hosler, 27

Senior accountant, KPMG
Edmonton

CPA designation: 2019
Specialization: audit data analytics

When I first started at KPMG, I was working with clients in construction, energy and NPOs. After two years, I enrolled in a program that KPMG was starting in collaboration with Simon Fraser University's Beedie School of Business, called KPMG Digital University. It prepares the company's audit professionals for the future of audit through specialized courses on the latest advancements in technology, data, machine learning, artificial intelligence and other digital advances. I loved it. I learned how to take unstructured data and apply analytical procedures to it, about data visualization, about how to use technology to present information in a way that can bring value to our clients.

Now I spend half my time on client work that directly incorporates the use of data and analytics. It's been rewarding to see how data can impact how we run our business. For example, in the old days, it took several hours or even days to create effective budgets. But now we can use data from previous years to forecast and develop current-year budgets in a fraction of the time. We also recently introduced a tool that allows our clients

to upload data directly from their accounting systems, granting auditors read-only access. This tool is hugely important while we're all working remotely. We used to be able to walk down the hall at our client's office and collect what we needed from them in hard copy. Thanks to COVID, that's not an option anymore.

Automation has become a big part of my job, too. For example, KPMG has launched a cloud-based smart audit platform called KPMG Clara, which has built-in predictive analytic capabilities. We can automatically identify outliers based on the expectation for that industry. For example, if my client is a retailer, Clara will assess the general ledger for irregularities that are common in the retail industry.

Sometimes my family and colleagues joke that robots and automation will take over our jobs—and I hope they do. Because I'd rather audit by utilizing advanced data and analytics capabilities or machine-learning platforms than sit in front of my screen keying in invoices. Automation will

eliminate those mundane tasks and give CPAs time in their day for more exciting work.

Recently, I began leading a monthly focus group with about eight colleagues at various levels, from staff accountants to partners. We discuss how data and analytics can provide value. I take these ideas away and work with engagement teams to implement them. I also create learning materials and tutorials for my colleagues about how to use data analytics with our existing tools. It's empowering to help drive implementation and innovation in audit.

Working remotely this year has had its advantages and disadvantages. I love being in the comfort of my own home and getting more quality time with my cat, Ollie. But collaborating with team members is easier in person. I imagine our post-pandemic work life will be a mix of home and in-office.

Data and analytics make our processes more efficient for our employees. They also give auditors a better understanding of a client's business by transforming data into something meaningful. Before long, I imagine everyone in accounting will be considered a specialist in data and analytics, because it's becoming an integral part of the field.

**Automation will
eliminate mundane
tasks and give
CPAs time in their
day for more
exciting work**



Philippe Sénécal, 26

Manager of transformation,
finance and operations at Intact
Longueuil, Que.

CPA designation: November 2018
Specialization: IT and accounting

I was born in the south shore of Montreal, in a suburb called Châteauguay. That's where I got my first accounting job, working at a small firm in town in 2016. I had to do a lot of redundant manual tasks, like sifting through hundreds of emails and documents during an audit. It felt more like clerical work than analysis. That experience made me examine ways to improve the workflow, to do things quicker and reduce the hours we were spending on data entry.

In 2018, a fellow CPA told me about a position at his company, Bitfarms, which operates blockchain computing centres. I didn't know much about blockchain before that, but I knew it was a once-in-a-lifetime opportunity to be involved in the crypto space.

At Bitfarms, I was responsible for bringing in automation tools that would save the company time and money. One of them was an app called Certify: you take a photo of an invoice, and it uses optical character technology to pull out the relevant info. We also implemented automatic payroll technology; before,

employees would have to create spreadsheets to track their own hours and get everything approved by their manager. Once we eliminated those mundane tasks, we had loads of extra time for data analysis.

Bitfarms' computer centres "mine" bitcoins, a process that uses powerful computers to solve complex mathematical problems. Using data analytics,

we were able to pull data on the electricity consumption of each Bitfarms facility and figure out how many bitcoins were mined. Once, when we extracted reports, we saw that there was a time when electricity consumption was high but we didn't mine as many bitcoins as expected. We

flagged this with the operations team and they discovered that some of the machines were not running at full capacity. Even though it's not our job to maintain the machines, we were able to use the numbers and flag an issue.

After a year and a half at Bitfarms, I took a job as manager of transformation, finance and operations at the insurance company Intact. I was excited to execute

implementations at a larger scale. Intact is growing quickly and acquiring other companies, and one of my roles is to integrate their legacy systems and ERPs into Intact's systems. I have a team of former business analysts, and we interview finance folks to understand how new technology will impact their work. Then we develop a plan for integration, test it to see how it delivers, then execute it. Each integration project might take anywhere from a couple of months to a couple of years, depending on the size and scale of the new technology.

These days, my job is less about traditional accounting and more about planning and reviewing. It's different from typical CPA work, but my accounting background is essential to understanding my users' needs. For example, if we're introducing a system that automates how records are checked and compared, I need to know how accountants will interpret the data. It's important to have people who understand both accounting and IT. And it's easier to train an accounting person about IT than it is to teach an IT person about accounting.

I think we'll see more jobs like mine, because more businesses are adopting new technologies. In a world where everything changes rapidly, CEOs want their financial results as fast as possible. The best way to improve that speed is by implementing efficient systems.

**I think we'll see
more jobs like
mine, because
more businesses
are adopting
new technologies**

Joshua Faier, 29

Director of finance, Sprout Therapy
Montreal

CPA designation: September 2017
Specialization: tech

In summer 2017, while working at KPMG, I went camping with an engineering friend who was obsessed with blockchain. He thought it would be revolutionary, opening up the financial world to people who have limited access to funds or bank accounts. They just need internet access and, bam, suddenly they can use this global currency. I fell down the blockchain rabbit hole, spending all my free time reading articles and books on the subject and signing up for courses to learn more about it.

Later that year, I approached the partner of innovation at KPMG and told her I wanted to focus on blockchain clients. In this capacity, I helped translate crypto-speak for people at my company and offered advice about how we could audit a crypto client's work. After a few months, we landed our first blockchain account—and I was in charge of that file.

Over the years, I've learned to be malleable. Our generation is tech-forward, so knowledge is available at our fingertips. Whatever I don't know, I can learn. In summer 2020, I came across a posting for a director role at Sprout Therapy, which provides in-home care for children with autism. The company is also developing a platform to help connect therapists with clients through scheduling, benefits management, and billing and reporting features.

When I joined Sprout in June 2020, there were 30 corporate employees. Eight months later, we had 200 people. I started off doing financial reporting and projections. Then I moved to revenue cycle management, which involved navigating American health care and figuring out how to properly bill insurance companies. It was a neat opportunity to lead a new team in an

industry that's outside of my comfort zone. I got to learn on the fly.

In the startup space, you get thrown into things. Every day is different, and that's what makes it so exciting. At work, I've learned so much about the health care system in the United States and how to manage and improve revenue-generating processes.

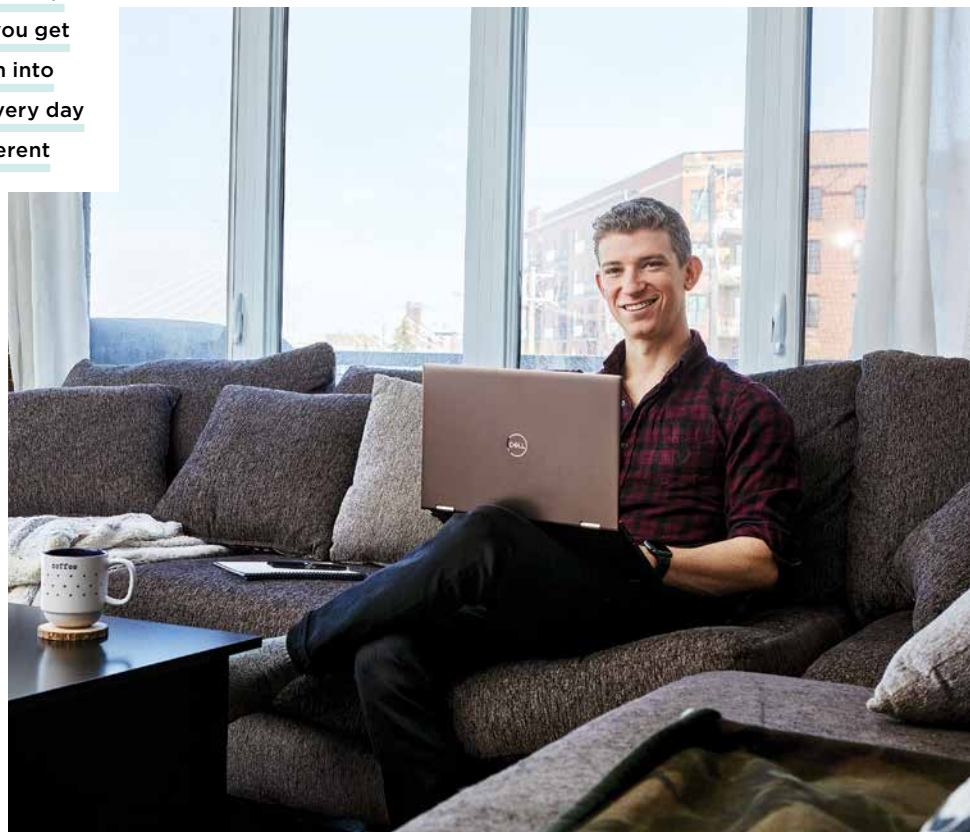
Sprout is a fully remote company, so that's been an interesting experience, too. I enjoy the flexibility of working from home. And I've managed employees across Canada and the U.S. and as far as Ukraine. It's been fun to learn about different cultures, customs and work habits. Best of all, when you hire internationally, you can find the top talent for each role. You end

In the startup space, you get thrown into things. Every day is different

up with a highly motivated team of go-getters, all working to bring the company to its full potential. It also means I'm receiving and sending communications at all hours. I don't mind, but it can be a challenge to turn off your work brain when you get messages around the clock.

I'm enjoying my time in tech. Right now, many new accountants work at the big firms right after school. But I think we're going to see more people entering specialized industries. It's valuable to have experience in both. You go through years of structure and discipline at an accounting firm, then you get experience dealing with uncertainty and spontaneity at a startup.

Accounting is becoming much more than just financial reporting. One of the most important changes will be how we use our time. With all the SaaS [software as a service] platforms available, preparing financial statements is much quicker than it used to be. Month-end processes have become quicker. That gives us more time to spend on analysis and strategy so we can bring our companies to the next level. ♦



PHOTOGRAPH BY RODOLPHE BEAULIEU



Money laundering remains a global scourge. As authorities rein in increasingly complex schemes, CPAs not only need to understand the law but should also know the risks they face.

EYES ON THE PRIZE

**BY JOHN LORINC
ILLUSTRATION BY NOMA BAR**

New rules give new tools to CPAs

This June, new federal regulations seeking to combat money laundering will come into effect, marking what Michele Wood-Tweel, CPA Canada's vice-president of regulatory affairs, describes as important changes in evolving Canada's regime to address new and current risks.

Coming five years after the international Financial Action Task Force found improvements were required to Canada's approach to anti-money laundering and anti-terrorist financing, the new rules, Wood-Tweel says, will align various domestic standards with global ones in an effort to combat the movement of dirty money. As the introduction to the new rules states, "The amendments to the regulations strengthen Canada's AML/ATF Regime, align measures with international

standards and level the playing field across reporting entities by applying stronger customer due diligence requirements and beneficial ownership requirements to designated non-financial businesses and professions (DNFBPs)."

CPA Canada will be publishing an updated guide on complying with the "Proceeds of Crime (Money Laundering) and Terrorist Financing Act" and the revised rules. It will include what constitutes a "triggering" activity by an accountant or accounting firm and the related obligations under Canada's anti-money laundering and terrorist financing regime.

The new beneficial ownership requirements in the regulations aren't the only changes afoot in how Canada deals with

transparency and ownership of assets. Wood-Tweel says CPAs will have to educate themselves about the new beneficial ownership rules that require most private companies under the Canada Business Corporation Act and in many provincial jurisdictions to create and maintain beneficial ownership registers. These changes will be directly relevant to CPAs who sit on private company boards or serve as CFOs, as well as those with private corporate clients.

"These changes related to beneficial ownership are entirely relevant to the work that our members do with private companies every day," she says. "Members need to be aware of these developments and keep apprised of the changes that are coming down the track."

In October 2016, fraud investigators with the Vancouver Police Department (VPD) began investigating a company called PacNet, which was headquartered in an office building on Howe Street in the central business district. The firm, owned and operated by a small group of people connected by marriage and family ties, had provided payment processing services since the late 1990s.

The VPD became interested in PacNet because it believed that some of the company's customers were con artists specializing in fraudulent direct mail schemes. Some of its payments had surfaced in suspicious transaction reports filed with FINTRAC, the federal money laundering and terrorist financing watchdog. Investigators believed that PacNet was processing payments for large numbers of direct mail solicitation schemes and charging commissions on those payments before forwarding the net amounts to its clients, involving hundreds of millions of dollars.

PacNet, investigators alleged, was a 'laundromat,' with ties to various U.S. fraud artists, among them a California man named Tully Lovisa, who had been ordered to pay \$15.4 million in a lawsuit initiated by the Federal Trade Commission over highly deceptive direct-mail prize schemes. U.S. officials, in fact, had designated PacNet as a "transnational criminal organization."

In early 2018, B.C.'s Director of Civil Forfeiture began the process of recovering funds collected by PacNet in what was described as a "predatory and unlawful" direct mail scheme. The Director alleged "that PacNet had processed payments relating to millions of such fraudulent and deceptive multi-page solicitations sent to hundreds of thousands of victims and potential victims throughout Canada, the United States and the world." Then, in June 2019, the U.S. Department of Justice charged the firm's principals with fraud, conspiracy and other crimes that could bring jail terms of up to 20 years. (As of *Pivot's* deadline, the case has yet to be resolved.)

Money laundering, of course, is not a new topic, but the stakes are changing rapidly as various jurisdictions seek to clamp down on the torrent of dirty money swirling around the globe, estimated to be worth about 3.6 per cent of global GDP. The highest-profile activity involves laundering the proceeds of drug or sex trafficking. Terrorist financing involves the flow of funds, often across borders, into the

hands of terrorists. But with less profile, hard-to-track invoice fraud and trade-based money laundering (see “*Just what is trade-based money laundering?*”, p. 48), according to evidence presented earlier this year at the Cullen Commission hearings in B.C., could account for the disappearance of \$1 trillion each year from the international import/export economy.

The scale of illegal global currency flows distorts economic indicators, presents risks to firms and professionals that may not realize their role in a wider, possibly international, scheme, and erodes trust in finance and transaction systems. Societies, economies and those most vulnerable the world over are harmed throughout.

As money laundering and terrorist financing expert José Hernandez, CEO of Ortus Strategies, notes, the British Columbia government estimated \$46.7 billion was laundered in Canada in 2018, with B.C. accounting for \$7.4 billion. As much as three-quarters of that came through the B.C. real estate market. “Money launderers seek refuge in the strong brands of financial institutions, respected professionals such as lawyers and accountants and, above all, prosperous, stable countries like Canada,” he wrote in a CPA Canada blog post. “In so doing, they erode the credibility of institutions and individuals.”

Since 2016, the United Kingdom and the European Union have moved to compel far more disclosure of owners and shareholders as a means of closing off loopholes that have allowed criminals to move funds through numbered accounts registered in places like the Cayman Islands and the British Virgin Islands.

The U.S. Congress in January enacted bipartisan reforms to anti-money laundering (AML) laws, requiring all corporations—and not just banks, as was previously the case—to disclose beneficial ownership information to the Treasury Department. “This is the most significant piece of AML legislation since the Patriot Act 20 years ago,” Daniel Stipano, a veteran U.S. regulator and AML legal expert, told *The Financial Times*. “It helps bring the whole regime into the 21st century.”

This long-awaited legislative move comes at a time when there’s been an explosion of identity theft, phishing and new types of online scams as the pandemic-afflicted global economy moves increasingly to digital platforms.

The U.S. rule changes, experts predict, will prompt money-laundering networks to seek new safe harbours. Some, in fact, worry that Canada may become more of a target than it already is. The American law, notes Don Perron, a former Ontario Provincial Police financial crime investigator and managing director of Froese Forensics Partners, “will shift a lot of these activities to Canada.” Perron says our laws have traditionally favoured privacy protection and over-enforcement. “That is typical of who we are,” he adds. “Canada is always two or three steps behind.”

Which is not to say there’s been no movement here. After the international Financial Action Task Force, a global AML and counter-terrorist funding watchdog, called out Canada in 2016 for lacklustre enforcement, inadequate investigative

“We have known the issues relating to money laundering dating back to the early ’90s and our alarms went unanswered.”

—Don Perron
Froese Forensics Partners



20
Years in jail
faced by PacNet
executives

powers for FINTRAC and “significant loopholes” in the regulatory framework, the federal government began strengthening the rules, introducing amendments to the “Proceeds of Crime (Money Laundering) and Terrorist Financing Act,” including stricter beneficial ownership reporting requirements that are coming into effect in June, 2021. Beyond these regulation changes, Ottawa last year held a national consultation on whether to make beneficial ownership information accessible by means of a public registry (or registries.) (see “*Government considers options for beneficial ownership transparency*,” p. 35).

What’s really upped the ante in B.C., however, have been in-depth probes by former RCMP investigator Peter German on money laundering through the province’s casinos and the residential real estate sector, as well as retailers of jewelry and luxury cars. Of note, the purchase of luxury vehicles does not need to be

Accountants need to probe and ask tough questions. “It’s as simple as making sure you know who you’re doing business with.”

—Jennifer Fiddian-Green
Grant Thornton



reported to FINTRAC and the probes showed fraudulent PST refund claims worth tens of thousands of dollars per vehicle. As German’s investigation in 2019 reported, “fewer than 100 vehicles a year received the PST refund [before 2014]. In 2016, the PST was rebated on 3,674 vehicles.” The investigation also noted the use of “strawmen” buyers, used luxury car dealers with extensive criminal records and purchases made with bags of cash.

“Since 2013,” German’s team concluded, “almost \$85 million in PST refunds have been paid by government for the export of vehicles. The source and destination of funds for the buyers and sellers, and any income tax reporting by any of these individuals or entities, is unknown.”

Other target areas include white-label bank machines, unregulated mortgage lenders, precious metal dealers, trust accounts, notaries and crypto-currency exchanges, as well as dubious tuition fee

refunds claimed for international students. In B.C., a public inquiry into money laundering, commonly referred to as the Cullen Commission, delved even deeper, probing activities such as the laundering of profits from narcotics trafficking.

The role of accountants is also coming under increased scrutiny. A 2018 federal discussion paper on “gaps” in the regime—which led to a number of legislative and regulatory changes—examined the exposure of what it calls designated non-financial businesses and professions to participants in the money-laundering world. The paper noted that accountants can become involved in “high-risk” activities that don’t necessarily involve reportable cash transactions, such as “. . . managing a client’s money, security or other assets (e.g. savings and securities accounts).” It is important to note that if they are involved in moving money for clients, CPAs are required to report suspicious transactions to FINTRAC.

AML experts say that robust beneficial ownership rules—something for which CPA Canada has vigorously advocated—are critical in the war against the concealment of crime proceeds and tax evasion, a fact that became painfully obvious in 2016, with revelations in the Panama Papers and other document dumps detailing widespread use of shell companies in tax havens, including many registered by Canadians.

In February 2020, Ottawa launched its consultation on options for more transparency around beneficial ownership information, including considering a public registry or registries. B.C. went a step further with transparency-focused regulations compelling provincially registered corporations to submit beneficial ownership data to a public agency. Quebec, though it already has a business registry, has proposed legislation that is designed to improve the transparency of enterprises. James Cohen, executive director of Transparency International Canada, says B.C. and Quebec have been more motivated to act because of high-profile corruption probes (the Cullen Commission, and in Quebec, the 2011 Charbonneau Commission into criminal activity in the construction sector). Ontario, he adds, initiated a consultation on beneficial ownership registries early last year, but the pandemic appears to have slowed the reform process.

Other international jurisdictions have gone far further. The U.K., in 2016, launched a fully accessible public registry of beneficial ownership information and the EU followed two years later. “Our peers are moving well past us,” says Cohen.

He and other critics add that B.C.’s public registry still poses obstacles—for example, a paywall with a \$5 fee per search and a lack of rules mandating identity authentication. “In its present condition,” lawyer Kevin Comeau, a member of Transparency International Canada’s beneficial ownership working group noted in a recent C.D. Howe Institute commentary, “the registry will likely do little to deter the world’s criminals from laundering their dirty money in B.C. real estate because it’s missing the most important element—verification of the identity of beneficial owners listed on the registry.”

But some in the AML world feel Canadian policy-makers shouldn’t let the perfect become the enemy of the good. “I do

\$46.7

Estimated amount, in billions, laundered in Canada in 2018

believe small steps are important,” says Jennifer Fiddian-Green, a national partner in Grant Thornton’s forensics and dispute resolution practice. But, she adds, “the truth is that we shouldn’t be allowing information in [to registries], if we’re not vetting it in some way.”

Eric Lachapelle and Sue Ling Yip, both senior partners in KPMG’s forensics and financial crimes practice, can rhyme off all sorts of red flags that banks, insurance companies and other lenders should spot when scanning for evidence of money-laundering activity. This list, Lachapelle says, includes people who buy and rapidly sell life insurance policies, large lump sum deposits in an account registered to someone with a modest salary or rapidly repaid mortgage loans. “Remember that criminals will always be the best clients,” adds Yip.

In heavily regulated industries like banking, internal processes have become incredibly sophisticated and include cutting edge technology designed to automatically detect anomalies in vast troves of transaction data. But other sectors that have come under mounting scrutiny, like real estate and

property development, face intensifying pressure to collect more information on buyers and sellers.

Royal LePage agent Lisa Patel, president of the Toronto Regional Real Estate Board, points out that brokers must fill out increasingly detailed forms on clients and third parties, based on guidelines and procedures developed by the national realtors’ body, to comply with government legislation from FINTRAC. “We’ve always had something in place,” Patel says. “We’re just continuing to upgrade it over the course of time.” Transparency International’s Cohen adds that the Canadian Real Estate Association’s support of a public registry “is a really good step.”

Yet, given the continuing revelations in B.C., Froese Forensics’ Perron has his doubts. “We have known the issues related to money laundering in the casinos and real estate industries dating back to the early ‘90s and our alarms to governments went unanswered.” He’s not alone. Development industry insiders are familiar with the saying that condos have become ‘safety deposit boxes in the sky’. “I’ve spent years trying to help in this area,” Perron adds. “It’s knowing who you’re dealing with. There’s no magic bullet.”

With more stringent and wide-ranging beneficial ownership regulations on their way, but also ever more sophisticated schemes in circulation, professionals working in the AML world say that effective know-your-client processes are becoming even more critical and not just in sectors that process money. “Even if you have the best program in place, it doesn’t mean you won’t be drawn into money laundering,” says Lachapelle.

In accounting, firms and practitioners are encouraged to watch for inquiries that come through unexpected referrals or come from overseas, as well as unusual service requests and clients with complex ownership structures that don’t lead to identifiable names.

Deepak Upadhyaya, a Baker Tilly WM partner for digital technology and risk advisory, says the firm’s client onboarding approach has been to create a client intake committee, consisting of senior partners from audit, tax and advisory services. The group vets potential

Government considers options for beneficial ownership transparency

From February through May 2020, the federal government embarked on a consultation process meant to draw out a range of views on beneficial ownership reporting. Overseen by Innovation, Science and Economic Development and Finance Canada, the consultation asked participants to address a range of topics and questions:

- 1 Whether Canada should establish a public registry (or public registries) of beneficial ownership information
- 2 Potential ways to mitigate compliance costs for corporations
- 3 How best to protect the privacy of personal information while permitting access to beneficial ownership information
- 4 Options for collection, storage, sharing and terms of use of beneficial ownership information
- 5 Verification and monitoring considerations
- 6 The potential impacts on investment, economic growth and competition, among other factors

In early April, the federal government issued a “What We Heard” report based on the consultations. “Building on this feedback,” the report notes, “The government will continue to explore options for central registry (or registries) of beneficial ownership, in cooperation with provincial and territorial partners.” The consultation ended in May 2020.

customers, flagging those in industries like crypto, digital assets and gambling as high risk.

His team has also developed routines to flag unusual transactions once Baker Tilly WM has begun serving a client. Upadhyaya says the firm has standardized software tools and platforms that it uses to share such algorithms with smaller member partnerships that are part of or affiliated with the Baker Tilly network and that don't have the resources to develop these tools on their own.

Emerging technology is also becoming far more important. Upadhyaya says his team is exploring the use of machine-learning algorithms on large transaction data sets to identify patterns that would evade human scrutiny. "We aren't there yet, but we're looking at things like this."

New digital systems will also have a profound impact on identity verification and Upadhyaya points to Estonia, which has implemented a universal digital identity for every resident, as a positive example. After all, money launderers (sometimes referred to colloquially as "smurfs") crave anonymity, which means using false IDs as well as "straw men."

But digital identity systems will eventually enable faster and more reliable verification, which may add another layer of certainty about clients. While such technologies are expected to gain traction, Yip says that firms have to develop a culture of compliance and integrity such that every employee, not just compliance officers, feels an obligation to watch for warning signs.

And, as Fiddian-Green adds, professionals like accountants, lawyers and others who deal directly with individual clients, need to probe, ask tough questions and go beyond a tick-box approach to due diligence. "It's as simple as really making sure you know who you're doing business with," she says, adding it's wise not to work with a business if you don't know who owns it. "Just say no. We have that choice." ♦

3.6

Estimated percentage of global GDP made up of dirty money

Just what is trade-based money laundering?

While the Hollywood-version of money laundering—luxury goods bought with cash, out-sized bets placed at casinos, etc.—tends to get the most attention from policy-makers and law-enforcement agencies, some experts believe the most prevalent form has become so-called "trade-based money-laundering" (TBML) and invoice fraud.

"TBML should be a tremendous global concern," John Cassara, a former U.S. Department of Treasury special agent and former intelligence officer told the Cullen Commission earlier this year. "Including all its varied forms, I believe it is the largest money laundering methodology in the world. Yet, over the last 30 years, the AML/CFT community has concentrated countermeasures almost exclusively on money laundering through financial institutions."

TBML refers to the practice of over or under-valued imports and exports as a means of laundering funds through trade channels instead of financial institutions, casinos or real estate. Cassara said

there's been little done to systematically assess the scale of TBML globally, but mentioned the work of a Florida International University scholar, John Zdanowicz. He found that nearly \$400 billion was moved into the U.S. via over-valued exports and undervalued imports in 2017, while approximately \$250 billion was moved out of the U.S. via undervalued exports and

over-valued imports. These figures, Zdanowicz noted, amount to between six per cent and nine per cent of all U.S. trade.

As Cassara said, "TBML is also involved with customs fraud, tax evasion, export incentive fraud, VAT/carousel fraud, capital flight ... and even what I call 'commercial' TBML such as transfer pricing and abusive trade-misinvoicing."

How TBML works

"Assume a terrorist or criminal wants to launder \$1 million to a foreign country," John Zdanowicz told the Cullen Commission. "He would need to have a foreign exporter to collude on the transaction." The set of transactions could include:

- 1** Foreign exporter purchases 10,000 razor blades for \$.10 per blade. (\$1,000)
- 2** Foreign exporter exports 10,000 razor blades to a domestic importer for \$100 per razor blade. (Total Invoice \$1,000,000)
- 3** Domestic importer receives 10,000 razor blades worth \$1,000 but pays the foreign exporter \$1,000,000.
- 4** Outcome: The domestic importer has moved \$1 million to the foreign country less the \$1,000 transactions cost of the razor blades.

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The *by Dave Zarum* playmaker

Joe Resnick's rise to the pinnacle of the hockey world wasn't easy. But his relentless work ethic and a love for the game helped him get there. His background as a CPA didn't hurt either.

Flip through Joe Resnick's daily planner and two things immediately become clear.

First, the man is meticulously organized.

"So if you look here..." he opens the book and a kaleidoscope of colours pop off the page. Dates are highlighted in green, names are blue, lists of cities and small towns across Ontario are underscored in yellow. He writes down the names of everyone he spoke to that day and what was discussed. Notes and numbers fill the page, a labyrinth of dates and details that resemble blueprints at first glance.

Second, Resnick is constantly in motion. According to the page he holds up to his Zoom camera—pulled at random from a week last January—he travelled to Aurora, Mississauga, Peterborough, Oshawa and St. Catharines. The following week is even busier.

Resnick, 54, has spent his life around the game of hockey, the last 27 years professionally. He is an anomaly in his field: a high-powered sports agent with an accounting background.

The planner is a dead giveaway, Resnick says. "I'm old-school. This is all CPA stuff," he says of his record-keeping, one of the many ways his accounting designation shapes how he goes about his work.

An agent is the main point of contact for their client. A good one serves as the ultimate problem-solver, as well as a fair but ruthless negotiator. For some clients, Resnick has negotiated contracts

worth tens of millions. For others, he's had to break the news that no team wants them. When he's not on the phone—a rarity—he's scouting games and recruiting players. All told, he's spent thousands of hours in minor league hockey arenas (and even more in his car), along with countless meetings with prospects and their parents, tasked with deciding whether or not they can entrust their child's future to Resnick.

Resnick's improbable journey has taken him from the bullpen of a major accounting firm to co-founding his own company, Top Shelf Sports Management. The walls of his home office in midtown Toronto, lined with framed photos of Resnick and his clients, are a testament to his success; Top Shelf currently represents nearly 60 National Hockey League (NHL) players and junior prospects, including Joe Thornton, Logan Couture, and rising stars Akil Thomas and Ryan O'Rourke.

The odds of building a startup that successfully competes with monolithic talent agencies like Newport and Creative Artists Agency (CAA) is akin to winning the lottery (in other words, you'd have a better chance of getting struck by lightning twice in the same year). But luck has only played a small part in Resnick's story. His CPA experience gives him a unique edge over other agents, but his resourcefulness, entrepreneurial spirit and willingness to risk it all got him to where he is today.

Trace Resnick's career path and you'll find a step-by-step guide on how to chase your dreams—and a warning of just how hard it can be to make them come true.

Joe Resnick's parents used to tell him that he had hockey in his DNA. Born and raised in Toronto, he grew up an avid NHL fan and closely followed the amateur draft—an annual event in which NHL teams select players from the junior ranks in the hopes that they will turn into stars. Each year, he'd send for the league's draft guide in the mail, studying its pages like a CFE exam prep textbook.

If Resnick wasn't at his house or at the rink, he was at the home of one of his closest friends, Brian Wilks. Wilks was a standout hockey player who played for the **Kitchener Rangers** of the Ontario Hockey League (OHL) and was eventually drafted in the second round of the NHL draft. Every Friday night, Resnick would go with Wilks's parents to cheer him on. After a game in Kitchener, Resnick noticed Wilks in conversation with an older gentleman. He seemed impressive. Important.

"Who was that?" he asked Brian.

"That's my agent," Wilks said.

Resnick knew agents existed but like a tourist in the Everglades spotting alligators for the first time, he'd never seen one in person. He raced home and began researching every aspect of an agent's role—and what it takes to become one.

In 1985, Resnick became the first member of his family to attend university, enrolling in the University of Toronto's commerce program, which he figured was a good feeder system to the accounting program. He had always been good with numbers and genuinely interested by the work the profession does, so the transition seemed natural. So, too, did his move to a top firm upon graduation in 1990.

Resnick's first accounting job was at the downtown **Toronto** offices of **Coopers & Lybrand**. In his second year he was moved to the company's Owner-Managed Services (OMS) group, which focused on small businesses. There, he had the opportunity to meet with entrepreneurs on a daily basis. He paid close attention to how his clients got their businesses off the ground, constantly asking about their journey and lessons learned along the way.

Resnick was moving up the corporate ladder, "but my true passion was hockey." Yet, it was apparent that the long hours required of him at C&L made it impossible to put in the time needed to scout and recruit players. "If I was going to be in hockey, I needed to find a job that was going to give me that ability." After four years at C&L, he sought work at a smaller accounting firm or as an in-house accountant who worked a strict nine-to-five.

He accepted a position as a financial consultant



Resnick's gruelling schedule had him working as a consultant by day and scouting games across Ontario at night

with Omnilogic, a software startup founded by four former SAP employees, which would later be sold to IBM. Resnick met with the group and was transparent about his goals of ultimately becoming a hockey agent. The founders liked both his openness and ambition.

After meeting with Omnilogic, he returned to the C&L offices and met with one of the partners. "Can I shut the door?" Resnick asked before explaining his decision to work for Omnilogic.

"Do they have an office?" the partner asked.

"No," Joe replied.

"What are they paying you?"

"Less than what you're paying me."

"No office and less money? I wish you the best of luck."

It's October 26, 2017, an hour or so after the New York Rangers defeated the visiting Arizona Coyotes in an early-season matchup at **Madison Square Garden**. For Rangers forward **Rick Nash**, the game marked number 1,000 in his career—making him one of roughly 350 players to reach the milestone in the NHL's century-long history. To celebrate, Resnick has rented out a Manhattan restaurant, with Nash's friends and family in attendance, and had badges made reading "Rick Nash: 1,000 games."

"The Rick Nash contract was a stepping stone for me. It gave me legitimacy, like, 'This guy knows what he's doing.'"

Nash, 36, was one of Resnick's earliest clients, and certainly his most accomplished. A three-time Olympian (two-time gold medallist) and six-time NHL all-star, Nash was a highly coveted prospect coming out of the junior ranks in Brampton, Ont. When he was 14 years old—already destined for stardom—Nash's parents arranged meetings with a handful of agents, Resnick included. He and Nash attended a **Mississauga IceDogs** game and discussed Nash's future. There's a natural ease and openness to Resnick that Nash picked up on quickly. "An agent is somebody you need in all situations," says Nash, "whether it's trouble at home or trouble on the ice. With Joe it just felt like we could communicate easily and be comfortable telling each other anything."

"The personalized service I got with Joe was top-notch," adds Nash, who retired in 2019. "I don't think I ever had to wait more than two hours for Joe to get back to me."

In 2002, Nash was selected first overall in the NHL draft by the Columbus Blue Jackets and signed what was then the largest rookie contract in league history: three years at US\$1.2 million per season.

Rick Nash's
1,000th played
game, 2017



PHOTOGRAPH BY JARED SILBER

When Nash's entry-level deal was set to expire in 2005, Resnick and Blue Jackets general manager Doug MacLean began negotiating terms on a new deal. The team first offered \$12 million over three years, the standard for young stars at the time. Resnick balked. MacLean risked losing Nash to the open market and desperately wanted to retain his best player. Resnick wanted to maximize his client's value.

"Would you consider something longer-term?" MacLean asked.

Resnick explained that only if MacLean were to give Nash a premium for signing a long-term contract would his client consider it. Eventually both sides settled on a five-year, US\$27-million contract. The deal set a precedent and established a new standard; future stars like Corey Perry, Ryan Getzlaf and Phil Kessel would all sign similar extensions.

Although Nash's next contract would be even larger—eight years at US\$62.4 million—Resnick is still most proud of the \$27-million post-rookie deal. "That contract was a stepping stone for me. It gave me legitimacy, like, 'This guy knows what he's doing.'"

With C&L in the rearview, Resnick was ready to embark on his next chapter. But once he arrived for his first day as Omnilogic's financial consultant, he was told there had been a change: In order to accommodate their chief client, Union Gas, 80 per cent of Resnick's job would now take place three hours west of Toronto in **Chatham, Ont.**

Over the next year and a half he fell into a gruelling routine. On Monday he'd wake up at 5:30 a.m. and drive to Chatham to start the workweek. He'd stay in hotels and return to Toronto on Thursday or Friday.

For the next five years, his off hours were spent scouting junior games in search of a diamond in the rough—or any player willing to take him on. On Mondays he'd drive to London or Windsor. Tuesdays were in Petrolia or Sarnia. Wednesdays were usually spent in St. Thomas, and if he wasn't Toronto-bound on Thursday, he would attend another game in Windsor. "It was hell," he says. "I was tired." And he had little to show for it.

"I was accomplishing a whole lot by learning, but I was making nothing. No money. But I was doing very well in consulting. It was a cash cow to support my floundering hockey business."

When he left C&L in 1994, he had given himself five years to get the agency business off the ground. But now the clock had run down. "It's not happening," he thought.

The Stanley Cup has made the trip to Woodstock, Ont., only once, on a hot July day in 2014. Joe Resnick was there. His client, then-Los Angeles Kings defenceman Jake Muzzin, like all championship-winning players, got to spend the day with the iconic trophy and brought it to his hometown. The day-long celebration included a parade and autograph signing, along with a cookout attended by close friends and family. Ten years into representing Muzzin, Resnick felt like both.

He'd first made the trip to the Muzzin home in 2004 to pitch his services to Jake, an up-and-coming talent playing for the Brantford 99ers, a minor league club one level below the OHL. A few agents had reached out to the Muzzins over the phone, but Resnick was the only one who made the trip to meet in person, a gesture that impressed the family.

"He sold all of his accolades," recalls Muzzin, now 31 and a member of the Toronto Maple Leafs. "But, for my family, it wasn't about that. It was about having a guy you're going to trust to look after you for this journey.

"He'll fight tooth and nail for his guys. At the end of the day that's all you could ask for."

Resnick's five-year experiment may have been nearing its end, but he was finding it hard to walk away from the game. In late 1998, he ran into an old camp counsellor, Brad Robins, at a hockey tournament. "I'm starting a new agency," Robins said. Great, Resnick thought, another guy thinking he's going to get rich in the business.

But Robins had an ace up his sleeve: He was partnering with Gord Kirke.

The name carried considerable weight in the hockey business. Kirke, a successful lawyer who shifted to player management, was best known for representing mega-star prospect Eric Lindros in the early '90s. When Resnick was first starting out, he had sent his resume to Kirke's office and never heard back.

Now Kirke was joining Robins and Gord Stellick, a former general manager of the Toronto Maple Leafs, to form a new agency, KSR Sports Representatives Inc.

"I'd already put in so many hours and days and years," Resnick recalls. "And yet, I was thinking, 'Maybe this will be the start of my career.'" In January 1999, he was brought on board as director of junior hockey, all while maintaining his consulting career on the side.

At the 1999 OHL draft, none of the players Resnick recruited were selected in the first two rounds. It was an undisputed failure. "At that point I thought I was going to be a consultant for the rest of my life."

The 2000 OHL draft, however, was a different story. Resnick's new young recruit, Rick Nash, was one of the most coveted players available. At a bruising six-foot-four and with a knack for scoring goals, he was what scouts call a "can't-miss" prospect. Nash was drafted fourth overall by the London Knights, one of three first-round picks Resnick represented. The next year, he had three more first-rounders. He was beginning to make a name for himself.

Recruiting hockey prospects is as unglamorous as it gets. It can be a humbling and time-consuming grind.

But recruiting players is as unglamorous as it gets. It can be a humbling and time-consuming grind. Even Gord Kirke was already growing tired of the business. Resnick recalls a particular recruiting visit alongside Kirke at a prospect's home somewhere in small-town Ontario. "You've got Gord there, who's a brilliant Queen's Counsel lawyer. Meanwhile, the dog's humping his leg and the family's glued to the Leafs game on TV. At the end of the meeting, the father said, 'We're gonna think about it.'"

Resnick and Kirke stepped out into the cold night. "I'm done," Kirke said.

Later that year, in 2004, KSR's partners sold the company to major talent agency International Management Group (IMG). Resnick was part of the asset transfer. He went to work helping build IMG's roster of clients and, after 10 long years, finally walked away from his consulting job for good.



COURTESY OF JOE RESNICK



There are two types of phone calls an agent has to make to his clients. The easy ones are why people like Resnick get into the business—like the call he made to client John Mitchell in the summer of 2012.

After playing for the Maple Leafs the previous season, Mitchell had been demoted to the minor leagues and eventually traded. He was now a free agent, meaning any team could sign him. But only one, the Colorado Avalanche, showed any interest.

Resnick and Mitchell were hoping to land a one-year deal for \$875,000. Colorado offered \$1.1 million. “It’s a two-year deal, right?” Resnick asked, pushing his luck. Sure enough, the team agreed.

He called his client. “Mitch, we’ve got a deal. Two years at \$1.1 million.”

“Wait, so \$550,000 a year, Joe?”

“No, Mitch. \$2.2 million total.”

Mitchell broke down in tears. So did Resnick. “It wasn’t the biggest contract. But, for John Mitchell at that time, it was massive, and it couldn’t have happened to a nicer guy.”

In 2012, Mitchell had been demoted and traded, but still managed to land a \$2.2-million deal

Then there are the hard calls, like the one he had to make to ex-NHLer Peter Holland in 2017. “Pete, there’s just nothing there right now.” Or the even tougher call he had to make to his top client, Rick Nash, in 2019. Despite wanting to play for several more years, a series of concussions had forced the then-34-year-old to hang up his skates for good. “It was so emotional because there was nothing anybody could do. He just couldn’t play. It was devastating.”

“Joe was always going to be there for his clients,” Nash says, “for the good and the bad.”

One morning in 2006, Resnick entered IMG’s office to find it nearly empty. The company, he learned, was selling off its sports properties to rival CAA. The football division was the first to go. Then baseball. Hockey wasn’t far behind.

One of Resnick’s fellow agents at IMG was **John Thornton**, older brother and agent of NHL star Joe Thornton. Over the years, John would send the occasional email to Resnick: “You take Nash, I’ll take my brother. We’ll create a dynasty.” Resnick had always dismissed the idea as a joke. Besides, Thornton wasn’t under contract with IMG like Resnick was. He could walk out the door whenever he pleased.

Now, on the verge of being a transferred asset once again, Thornton’s emails took on a new urgency for Resnick. If there’s a time to make a move, he thought, this is it. He told the company he wanted out of his contract. “That,” he says, “is when things got ugly.”

Resnick was given an ultimatum: Leave your players behind and you’re free to go. Or leave with your players and cut the firm a big cheque.

To surrender his clients would have been career suicide, so he embarked on a year-and-a-half-long legal process to leave the company—with his players—and start his own shop, Top Shelf, alongside John Thornton.

He constantly feared the deal would fall through. “[Going back] wasn’t an option. Once you say you want to go out on your own, you kind of create this imaginary line that gets crossed,” he says.

Resnick was orchestrating his very own *Jerry Maguire* moment, but he still had to convince his clients to leave the larger agency behind and go with him. His pitch was simple: “Nothing is going to change.” In the end, all but two of Resnick’s 25 clients stayed with him.

"I had all my trust in Joe," says Rick Nash, who had already made the move with Resnick from KSR to IMG before settling at **Top Shelf**. "It made sense to me for Joe to have his own firm so he can reap the benefits from all of his players. I couldn't have been more excited for him."

Resnick eventually agreed on a settlement and paid lump sum payments ("high six-figures") over the course of a year to fully free himself. To help determine a number, he did a present value calculation—going back to his days as a CPA.

On **March 21, 2007**, Top Shelf was officially incorporated.

"In every stage of this my CPA background was instrumental," Resnick says. It was instrumental in landing the consulting gig that subsidized his hockey habit as it was throughout the process of leaving IMG. "I would not have known about financing, accounting, share structure, all of that." Plus, his OMS experience at Coopers & Lybrand helped him launch his own business.

Resnick still does the books for Top Shelf before handing them to an accounting firm. "Anything we do in Top Shelf from a business point of view is based on my principles of accounting," says Resnick.

But there are plenty of misconceptions about being a CPA in the hockey business. "Everyone thinks I do tax returns for my clients and that I handle their money," he says. "If I did that, in my opinion I'd be negligent. That's not my job."

But he'll readily put his clients in contact with his Rolodex of financial advisers and tax experts, and helps translate when needed. "What having a CPA does is that I can explain to my players in basic English what [the advisers] are talking about."

Taylor Resnick stood in front of her 2014 commerce class at Queen's University. Tasked with speaking about an entrepreneur who influenced her, Taylor chose her father.

"It was inspiring," she told the class, "to see that with the right set of skills one can turn a passion into a career."

"I am so proud of my daughter for saying that," says Resnick. "I know I'm not a rocket scientist. But I'm resourceful. Nobody believed I could do this and nothing was ever given to me."

Resnick sacrificed much in pursuit of his dream of becoming an NHL player agent. He was still working in Chatham, Ont., when Taylor was born. "I'd call and see how Tay was doing, but it was really difficult." After a recent move, Resnick uncovered



Resnick and Nash after the veteran's 1,000th game

boxes of old home movies. "It was sad," he says. "In all of them, my wife is telling my kids, 'Say hi to Daddy.' I missed a lot. I missed birthdays. I missed my son's Grade 6 graduation, because it was the same night as the draft. I can't get those years back. But it's given me the ability to provide for my children. That was my goal."

"Everyone thinks I do tax returns for my clients and that I handle their money. If I did that I'd be negligent. That's not my job."

These days, the pandemic has left Resnick grounded for the first time in nearly three decades. But apart from not being able to visit arenas, he remains as busy as ever. He's still juggling phone calls, servicing his growing roster of clients and recruiting the next crop of NHL superstars. He remains close with his players, both active and retired, surpassing the typical player-agent relationship. Rick Nash says he and Resnick still speak on the phone every other day.

"If you'd told me 15 years ago that Joe would be one of my closest friends after a career in the NHL, I would've said, 'No chance,'" says Nash. "But that's what happened."

There's a popular adage in sports, often credited to hockey's all-time great, Wayne Gretzky: You miss 100 per cent of the shots you don't take. Joe Resnick never passed up a shot.

"And at the end of the day," he says, "I did something that I'm proud of." ♦

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EXTRAORDINARY ITEM

IN THE WEEDS

A new kelp-based sanitizer aims to get the upper hand with a double-barrelled selling point

BY WING SZE TANG

The COVID-19 pandemic had turned normally unsexy purchases—from toilet paper to hand sanitizer—into

hot commodities. For Majid Haji-beigy, the 26-year-old founder and CEO of the Vancouver Island-based Canadian Pacifico Seaweeds, demand for the latter offered an opportunity to expand into a whole new product category. In September, he launched Kelping Hands, North America's first seaweed-based hand sanitizer, an endeavour that's half philanthropy and half strategic brand building.

Canadian Pacifico Seaweeds specializes in kelp aquaculture, helping small-scale farmers get set up, offering harvesting and processing technology, and developing a diverse array of seaweed end-products. Haji-beigy started the company in 2018, after graduating from the University of British Columbia and apprenticing with marine biologist Louis Druehl, known as the godfather of kelp cultivation. Selling hand-sanitizer is hardly business as usual.

“It was basically a distraction project,” says Hajibeigy of Kelping Hands’ inception. An early seed was planted when he heard about rapper 50 Cent’s improbable foray into selling G-Unit-branded hand sanitizer. Shortly after, he caught wind of Guernsey Seaweed, a U.K. maker of plant fertilizer that got into manufacturing hand sanitizer to address the lack of

the Vancouver Aquarium was facing the threat of permanent closure due to the pandemic shutdown and was in need of emergency fundraising.

“That was the click,” recalls Hajibeigy, who was bold enough to ask if Guernsey would share their sanitizer recipe with him. Within 15 minutes of sending his request, he had a yes. “We’d like to raise half a million

SEAWEED HASN’T QUITE TAKEN OFF AS AN INDUSTRY IN NORTH AMERICA, PROMPTING *THE NEW YORK TIMES* TO ASK, ‘WHY ISN’T KELP CATCHING ON?’

local supply. It used seaweed as a vitamin E-rich alternative to glycerin, a hydrating ingredient that had become scarce, given that everyone on Earth was suddenly stockpiling sanitizer.

But neither of these two discoveries would have persuaded him to cook up a similar product, were it not for one more motivating factor: learning that

dollars for the Vancouver Aquarium through this project,” Hajibeigy says.

Donating a portion of proceeds from products sold is a classic case of cause marketing. But for Kelping Hands, philanthropy is the primary reason for being.

The pharmaceutical-grade sanitizer costs \$16 per 120 ML bottle on Kelping

Hands’ e-commerce site, and Hajibeigy says that 80 per cent of retail sales and 50 per cent of wholesale sales go to the aquarium. “This brand will always have a charitable side to it. Once we raise half a million, we’ll move on to the next nonprofit.” The initial batch of 10,000 units had all sold by early 2021, and at press time Hajibeigy was in talks to secure his first large-scale distribution deal in the U.S.

“I didn’t really want to make money off sanitizer, especially not during COVID,” says Hajibeigy. But the product has served as the perfect example for telling his company’s larger story: that seaweed can go into a product that’s good for you, good for the planet and good for the economy—the three pillars of sustainability.

The glycerin used in conventional sanitizers is often derived from soybean, coconut or palm oils—crops linked to widespread deforestation that carry a substantial carbon footprint. Seaweed, on the other hand, is an eco-hero—or at least has the potential to be. It flourishes without arable land, freshwater, fertilizers or pesticides, and it can be used to make everything from nutrient-dense superfoods and agri-feed to cosmetics, pharmaceuticals and even bioplastic. Seaweed abounds along B.C.’s coastline, home to the world’s greatest diversity of kelps.

“It’s 20 times more efficient at capturing carbon than a tree because it’s a very fast-growing plant. It grows a metre and a half every two weeks,” says Hajibeigy. There’s a caveat, however: A tree can sequester carbon for decades. Kelp breaks down yearly, rotting and re-releasing climate-changing greenhouse gases back into the atmosphere.

Seaweed hasn’t quite taken off as an industry in North America, prompting *The New York Times* to ponder in a recent headline, “Why Isn’t Kelp Catching On?” The short answer is that farming kelp can be a complicated process that often requires substantial infrastructure.



Growing seaweed is commercially viable if done at scale, but small farmers don't have the means and expertise to get there. That's why Canadian Pacifico Seaweeds, the largest supplier of BC kelp products and ingredients, also helps new cultivators develop and implement their farm models.

Opportunity awaits for those who can figure it out. The research firm Global Market Insights valued the commercial seaweed market at over USD \$58.98 billion in 2019, projecting it to exceed \$85 billion by 2026.

Since Canadian Pacifico Seaweeds launched less than three years ago, others have joined the fray, including B.C.-based Cascadia Seaweed, Alaska's Seagrove Kelp Co. (which recently set up North America's largest kelp farm), and GreenWave, a Connecticut nonprofit dedicated to teaching regenerative ocean farming—with a waitlist of 7,000 people keen to learn its seaweed-based system. A promising business finally appears to be blooming. ♦

DESIGN

HOME MADE

Is there room for a design-your-own furniture upstart in a world where IKEA is king?

BY MATTHEW HAGUE

After mastering all the trendy pandemic lockdown hobbies—baking sourdough, birding, cycling the Tour de France on a stationary bike—what else is there? Perhaps DIY furniture design. While completing a masters degree in design engineering at Harvard University in 2019, Calgary's Saad Rajan developed a web-based platform for exactly that. Called Naya, it allows anyone, including amateur design lovers and actual architects, to develop their ideas while also providing connections to local manufacturers who can turn the concepts into reality. "It's more than

How many do you want to create?

What will you use it for?

What would you like to do?

Where will it go?

Do you know what type of furniture you want to create?

What do you want to call this project?

a matchmaking service for craftspeople and clients," says Rajan, referencing Naya's built-in tools to help cost out the furniture. "It's an end-to-end solution to facilitate the whole design and creation process," he says.

Beyond being a COVID-era diversion, Naya, which makes money by charging a transaction fee, has tough competition in becoming a furniture-production mainstay. Canadian homes are mainly kitted out by two huge, low-cost purveyors, Leon's (which also owns the Brick) and IKEA. Combined, those companies account for nearly half the market share in the country. Compared to the bargain prices of

those behemoths—not to mention their competitors, such as Wal-Mart, Canadian Tire and Amazon—it's hard to imagine how many of us would be willing to both design and pay for custom-built furniture.

Yet that may be changing. According to market research from the Texas-based shipping company uShip, 25 per cent of people are willing to pay more for unique decor and 11 per cent regret buying mass-produced pieces from the typical producers—not to mention just about everyone is feeling pressure to up their decor game after scrolling on Instagram and Pinterest, or peeping into co-workers spaces on Zoom.

Michael Prokopow, an associate professor at OCAD University, also notes that by making customization available to a broader number of customers, sites such as Naya could help bring down the price of bespoke. “The economies of scale can become such that if someone needs to fill a corner with something they can’t find at IKEA and they can find someone who can make that something for a just a little bit more money than IKEA, why wouldn’t they?” he says. “It might not result in brilliant design, but it will probably make customers happy.”

Naya might also be entering the market at the right time. “A number of macro factors are driving demand for furniture at all price points right now,” says Joel Alden, central Canada consumer lead at EY, who has spent 20 years consulting retail clients. “With the pandemic, there are work-from-home tax incentives, many businesses are helping employees set up home offices, and people want to be comfortable in their spaces. Plus, consumers are getting more comfortable buying furniture online.”

The number of Naya customers is private. In addition to a client base that includes regular homeowners (for example, one father in New York spent \$500 to make his son a craft desk), other early adopters are surprising, including huge companies such as Google as well as several furniture makers like Steelcase, Herman Miller and Wayfair. “Most of our customers right now are enterprise clients,” says Rajan. “They have the ability to manufacture vast numbers of pieces on their own. What they are coming to us for is to make prototypes, small batches or to outfit individual offices.” That uptake gives Rajan confidence that Naya can expand beyond decor. “We started with furniture, which is neither too simple nor overly complex,” he says. “If we succeed with that, there’s no reason why we can’t focus on different industrial products or scale.” ♦



Samsung's NEON, the avatar bank teller

TECH

MACHINE BANKING

Human-like AI robots are gaining traction in the financial services field—and unlocking serious revenue potential **BY MATTHEW HAGUE**

Throughout 2021, South Korea’s largest bank, Shinhan, is introducing a team of new tellers to its retail banks in Seoul. These employees aren’t standing behind a counter. Instead, they appear virtually, on large flat-screens mounted on metal brackets. They act as any teller would, greeting customers with expectant, friendly faces and ready to answer any queries.

During pandemic times, it would stand to reason that these tellers (also available for chats on Shinhan’s website and mobile app) are in safe isolation somewhere, logging in through a Zoom window. But, even post-pandemic, they will never appear in person. Because they aren’t actual people. Each virtual teller is a unique digital avatar, built by Korean tech giant Samsung under an artificial intelligence program called NEON. Belying their computer-based origins,

their hair looks soft and sways as they do. As they talk, they may furrow their brows or wrinkle their noses or clasp their hands—cues meant to show they are thinking, just like the customers they are serving.

According to international consultancy McKinsey & Company, AI has the potential to create US\$1 trillion in new revenues every year for banks around the world. How? The obvious answer is that avatars like NEON can save on human resource costs, eliminating the salaries of in-person tellers. However, Shinhan said they aren’t reducing the size of their customer service staff; rather than replacing humans, the bots will support bank employees, like super-high-functioning co-workers.

“For years, banks have found efficiencies by digitizing once-routine tasks,” says Mukul Ahuja, Financial

Services and Industry (FSI) leader at Omnia AI, Deloitte Canada's artificial intelligence practice. "What we're seeing more now is the use of data analytics and AI to drive new business value, with targeted customer acquisition and highly personalized services—services that wouldn't have been possible even five years ago."

What's more, bots with human-like candour and empathy can form a deeper trust between machines and mortals. "Chatbots now have the ability to analyze speech patterns with customers so banks can understand if customers are happy or angry," says Ahuja. "They can alert customer service reps to the specific needs of those customers, suggesting products and services they might want or need."

In November 2020, TD Bank Group introduced two AI-based analytical features to its mobile app to help stave off financial troubles caused by the pandemic. If a customer appeared to be running a low balance or appeared to be facing large expenses based on their historic spending or scheduled payments, a bot sent a nudge, alerting the account holder to the situation, and suggesting ways to rearrange finances or reduce spending.

RATHER THAN REPLACING HUMANS, AI BANKING BOTS WILL ACT AS SUPER-HIGH-FUNCTIONING CO-WORKERS

"It's very important that the nudge happens in a friendly, approachable way," says Imran Khan, TD's global head of digital customer experience. "We are trying to convey the feeling that we are looking out for someone, not that we're trying to be alarming. It's important that the program speaks in plain, human language."

Basic charm can go a long way. Pepper, a *Jetsons*-like robot used by HSBC, physically guides customers to the ATMs, explains how to use them and does a humorous dance to make customers smile. Pepper has boosted ATM use by 10 per cent at branches where deployed.

RBC is among Canada's leading banks when it comes to AI; CEO David McKay first joined the bank as a computer programmer. RBC's NEON equivalent, NOMI (a play on the words "know me") speaks 12 languages and offers a spate of services. A total of one million Canadians currently use NOMI Budgets to plan and track their spending. A complementary feature, NOMI Find & Save, automatically squirrels cash away, shifting it from checking to savings accounts, provided the money isn't needed for any upcoming bills or routine expenses.

Customers can get banking questions answered by Ask NOMI, a Q&A tool launched in 2020 at the onset of the pandemic, which has responded to more than 2.1 million questions from 570,000 patrons in its first year. "It has really filled a need at a time when people needed to feel more connected to their finances," says Rami Thabet, vice-president of digital product at RBC.

For all its promise, AI is also a "double-edged sword," according to Philippe Sarfati, the chief risk officer of Saskatchewan-based Concentra, a wholesale bank (firms that sell

banking services to large clients) that works with Canada's credit unions. He points out that while AI has amazing analytical ability, it's still subject to the inherent risks related to interpretability, privacy, and the same shortcomings as the people who program it.

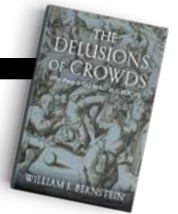
"It's not perfect," adds Andreas Park, associate professor of finance at the University of Toronto, who points to studies that have found that AI often has a harder time recognizing racialized faces compared to white ones, in part because the images used to program the machines tend to be Caucasian or light-skinned.

Another weakness: "It can be extremely expensive for the banks to develop," says Park. "Talented AI programs are very rare and in huge demand."

This race to implement skilled programs has accelerated during the pandemic. "There's been a real growth competition for talent who can provide AI services to people in their own homes," says Ahuja. "We've seen the potential of these tools. Now we have to see if these experiments can scale." ♦

BOOKS

BACK TO THE FUTURE



In *The Delusion of Crowds*, neurologist and financial theorist William Bernstein updates a 19th-century classic using modern science to explain how humans fall into mass hysteria

BY BRIAN BETHUNE

There are two points neurologist and financial theorist William Bernstein wants people to consider about Charles Mackay, author of the never-out-of-print 1841 classic *Memoirs of Extraordinary Popular Delusions and the Madness of Crowds*.

The first is that Mackay was a lucid and brilliant observer of such collective lunacy as the 17th-century Dutch tulip mania, when a single bulb could sell for ten times the annual wages of a skilled worker.

Second is that neither innate intelligence nor experience chronicling others' follies saved Mackay from irrationality—the Scottish writer later fell hard for Britain's 1840s-era railway stock mania. "We are the apes who tell stories," writes Bernstein in *The Delusion of Crowds*, "and no matter how misleading the narrative, if it is compelling enough it will almost always trump the facts."

Bernstein’s fascinating book is not just a salute to its 180-year-old predecessor. It’s also an update, not so much in terms of fresh madness—although he does cover ISIS end-times preaching among other contemporary examples—but because the neurologist has access to a vast trove of brain research to explain phenomena Mackay could only marvel at.

As MRI scans show, human brains drive us to seek outcome with high values but equally rare payoffs (winning the lottery, say). In part, that’s because the brain is activated more intensely in anticipation of reward than in actual possession of it. Nuclei accumbens (areas of the brain located approximately behind each eye) fire more rapidly as one contemplates eating a favourite meal, peak just as the aroma from the plate wafts upwards and start slowing down with the first bite. In terms of evolutionary biology, the organism has to be nudged into the hard work of

staying alive (hunting, gathering, cooking), while the easy part (eating) requires less incentive.

Bernstein argues that humanity’s evolutionary heritage plays an active role in our bursts of collective hysteria. Our keen eye for patterns, for example, was very useful for our

IF YOU WANT TO CONVINC ANYONE OF ANYTHING, TELL THEM A STORY

ancestors when it came to picking up the presence of ambush predators. Now, it often leads us to find patterns where they don’t really exist, such as conspiracy theories.

And then there’s our extraordinary talent for mimicry, the key factor in our rapid cultural evolution. Information spreads quickly and, like all news, it travels through and

by story, not blueprints. The more emotionally resonant the account, the more powerfully affective it is. Bernstein points to a moment in the contest for the 2016 U.S. Republican presidential nomination: Candidate Ben Carson gave a fact-filled summary of how vaccines did not cause neurological harm; Donald Trump, the eventual nominee, responded with a story about “a beautiful child” diagnosed with autism after a vaccination. By crowd and viewer response, Trump won the exchange. If you want to convince anyone of anything, Bernstein sardonically notes, tell them a story.

Delusions hits its stride when Bernstein plots real-life examples against his behavioural science backdrop. Consider the dot-com bubble of the late 1990s and its slow-motion collapse from early 2000, when 100 million investors lost US\$5 trillion over 30 months. The standard conditions were present: A new technology (the internet) arose in an era of easy credit and the mania’s own story line followed a familiar four-stage progression.

First, stocks and real estate—not sports or weather—began to dominate casual conversation, which, second, led to people quitting their day jobs to take on full-time financial speculation. Third, skepticism about the wealth to be had was not simply rejected but treated with increasing hostility and even raw anger. Gail Dudack, a regular guest on the once popular PBS show *Wall Street Week with Louis Rukeyser*, was fired in humiliating fashion after she began to express concern about the stock valuations (on a night when she was not scheduled to appear, a dunce cap was drawn over her image).

Fourth, as seeds of doubt began to poke above the ground, true believers doubled down on their predictions and started forecasting exponential growth. In 1999, prominent business writer James K. Glassman, later a secretary of state under U.S. president George W. Bush, published *Dow 36,000*, which foresaw

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the entire stock market tripling in value within a couple of years. Other forecasters jumped on the careening bandwagon to predict a 100,000 Dow. (The Dow finally cracked 30,000 last November, 21 years after Glassman's prediction.)

Bernstein's wide-ranging survey has themes both entertaining as well as enlightening. But *Delusions* ends on a profoundly sobering note: Bernstein offers no real advice for avoiding the madness of crowds, or even for navigating it. We are what our evolution has made of us, the neurologist essentially concludes, and are thereby "condemned to step repeatedly on the same financial and religious rakes."

It took a 19th-century chronicler to gather up the classic tales of collective mania and two more centuries for Bernstein to explain the behaviour involved. It might well take another 200 years of neurological research, and a future author, to tell us what to do about it. ♦

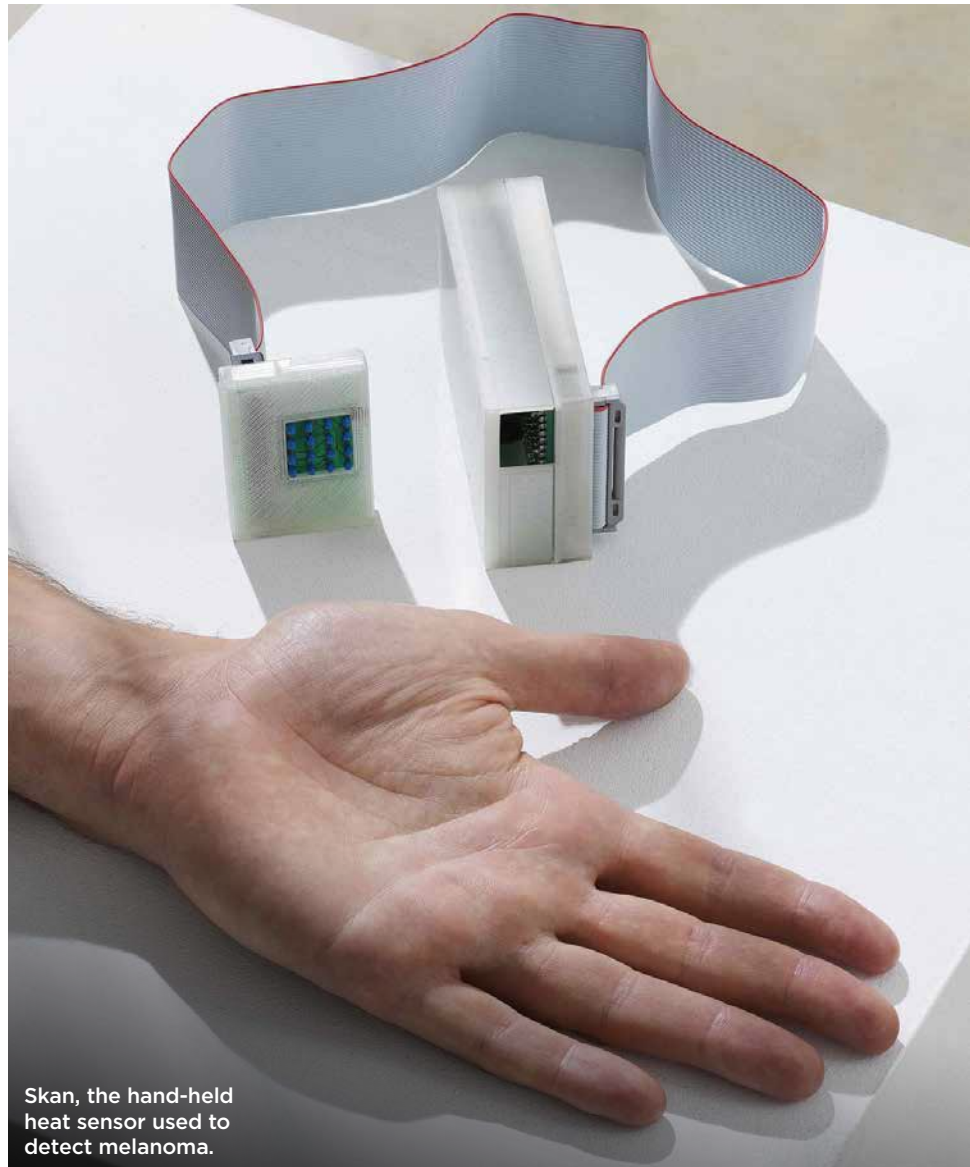
HEALTH

SWAB MENTALITY

In the span of a year, COVID-19 made remote medical appointments commonplace. The next frontier: DIY lab work from home **BY MATTHEW HAGUE**

Every year since 2007, James Dyson, the British billionaire who got rich engineering sleek, bagless vacuums, awards a prize to a design he thinks will solve an important problem.

For two of the last four years, Dyson has selected portable, easy-to-use cancer diagnostics. In 2017, the award went to the Skan, a device used to detect melanoma using an inexpensive, hand-held heat sensor devised by a Canadian team from McMaster University. Most recently, Dyson selected a breast cancer test



Skan, the hand-held heat sensor used to detect melanoma.

developed in Spain called the Blue Box, where urine deposited into a small vessel is analyzed via a smartphone app. While neither product is currently commercially available, both could be game-changing in the time of COVID-19.

According to a 2020 study by Canada Health Infoway, a nonprofit organization specializing in digital health care, prior to the pandemic fewer than five per cent of doctor visits took place via phone, video, text or app. After the start of the pandemic, that number jumped to 60 per cent.

As patients avoided in-person medical visits and hospitals re-prioritized to

fight COVID-19, cancer testing across Canada declined throughout the first year of the pandemic. In Ontario, mammograms dropped by 97 per cent between March and May 2020, according to Ontario Health. In Alberta and B.C., tests of all cancers decreased by up to 25 per cent between March and September, according to the respective provincial health agencies. Although testing became more regular again by late 2020, it never returned to 2019 levels, leading to concerns that undetected cancers might soon devastate unsuspecting patients.

At-home tests, like Blue Box, could not only cover the testing gap, they

might also help lower the cost of diagnostics. (Blue Box is expected to cost about \$60; a traditional mammogram costs the province more than \$240.)

“Before COVID-19, there was an under-investment in virtual and digital health care delivery,” says Mary Sanagan, a Deloitte consulting partner specializing in medical technology. “However, the pandemic has inspired a lot of innovation and investment. I’m optimistic this could all lead to better, more patient-centred care.”

“A STARTUP THAT MAKES ASSESSMENTS BETWEEN DOCTOR AND PATIENT EASIER FOR BOTH PARTIES WILL BE SUCCESSFUL IN TODAY’S MARKET.”

Aiden Poole, an Alberta-based CPA who consults with medical and technology companies, cautions that there are challenges when it comes to bringing new health tech to market in Canada. “In terms of business development, I typically see two to three years of hardship for health care startups,” he says, citing high capital costs and the difficulty of finding a clinic willing to test new products as the main challenges. But he also shares Sanagan’s optimism. “A startup with a fresh idea that makes an assessment between doctor and patient easier for both parties will be successful in today’s market,” says Poole.

It helps that the market is being spurred by big investments: The federal government has committed \$240 million to expand online health care.

Some clinicians believe there are innovations hiding in plain sight. Dr. Mohammad Akbari, a research scientist at Women’s College Hospital in Toronto, is advocating for more people to have access to at-home genetics sampling collection to see if they have a predisposition to various cancers. “The lifetime risk of a woman to be diagnosed with breast cancer here in Canada is about

10 to 12 per cent,” he says. “However, somebody carrying certain genetic mutations, like the BRCA mutation, might have risks between 60 or even 80 [per cent]. The earlier someone understands the risks, the earlier they can understand their options in terms of prevention. And, in general, prevention is less costly than treatment.”

Yet genetic testing is tricky to obtain and an expensive process. While Akbari waits for that to change, he is running a program through Women’s College Hospital

called the Screen Project, which offers at-home tests and is available to anyone over the age of 18.

The tests cost US\$250, out-of-pocket to the patient. The Screen Project first launched in 2017 to study the feasibility of population-based genetic testing for breast cancer markers, then relaunched in 2020 to cover other cancers such as ovarian and prostate. There have been over 3,000 participants in the original study, resulting in 1,269 tests taken. “I wish it were more,” Akbari says, “but all the money goes to the lab. We have no budget to advertise.”

Brampton, Ont.-based Dynacare also offers genetic testing for cancer: a mail-in stool sample that screens for colon cancer.

Elizabeth Holmes, senior manager of policy and surveillance at the Canadian Cancer Society, notes that test results don’t provide a diagnosis; no one gets a slip of mail reading, “You have cancer.” “If someone has warning signs, they are alerted to see their doctor,” she says. “It doesn’t cut out the medical system. What it does is cut down on the number of people who might be walking around unaware.” ♦

PIVOT RECOMMENDS

Off the clock

BY CHRIS POWELL



Watch

The pandemic has made TV premiere dates something of a moving target this year, but the expectation is that **Bosch**, Amazon’s longest-running original series, will be back for a seventh and final season sometime this spring. Based on the popular book series by Michael Connelly, *Bosch* mostly stays within the boundaries of the typical police procedural, but it’s well written and acted (it stars Titus Welliver) and the season-long story arcs make it perfect for binge-watching.

Listen

It started in 1980, when a New York-based conceptual artist named Allan “Mr. Apology” Bridge posted signs around Manhattan’s Tribeca area that read: “Attention amateurs, professionals, criminals, blue collar, white collar. Get your misdeeds off your chest.” More than 40 years later, those apologies are the basis for **The Apology Line**, a compelling podcast about Bridge’s project inviting people to anonymously apologize on a telephone answering machine. For 15 years, New Yorkers called the line to apologize for misdeeds that ranged from the mundane to the downright chilling.

Read

50 years ago the first email was sent, creating a communications tool that would become simultaneously empowering and overpowering. In his new book **A World Without Email**, *New York Times* bestselling author Cal Newport creates an almost utopian workplace and envisions an alternative universe where email is no longer central to how work is carried out. Subject: How terrific does this sound?

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FRUGAL FASHION

Whenever 40-year-old CPA Sonny Joshi attended a South Asian wedding, she'd splurge on a new outfit she'd only wear once. So she started MeeraMeera Rental Studios, which lends pieces to customers without breaking the bank **BY ZIYA JONES**

We work on a consignment model. Designers with leftover stock or people with a bunch of outfits sitting in their closets can bring their garments in. We take care of the client appointments, the dry cleaning, the shipping. The clothing providers **earn a percentage of the profits** each time their garments are rented.

Both my parents worked in the dentistry field. I knew I didn't want to follow in their footsteps, but wasn't sure exactly what I should pursue. **I took a chance on an accounting course** in my last year of high school. My teacher's passion was infectious and I fell in love with the field.

A lot of non-South Asian customers rent garments for South Asian weddings they've been invited to attend. **Taking part like that is a really nice way of showing your love for the couple.**

There are some great dress-rental options for western weddings, but there wasn't an equivalent option in the South Asian space. **I thought, why not just start it myself?**

The world of fast fashion and our current retail practices are not sustainable. **North Americans send 10 million tonnes of textile waste to landfills every year.** Renting allows us to consume less, without sacrificing our personal style.

I feel like I'm using a totally different side of my brain when I'm doing accounting. With Meera-Meera, **I get to embrace my creativity.**

I've always loved fashion. While we carry a variety of garments and sizes, and deliberately try to be as inclusive as possible, I ultimately identify the pieces that I think will do well and meet the demands of our customers. **I find sarees to be cumbersome** to wear for example, so we carry lots of lehengas instead.

In accounting, **there are strict rules** about how we can advertise ourselves, so I wasn't used to using social media to promote my work. I've learned so much about Facebook and Instagram in the last year or so.

While rentals were slower this past year due to COVID-19, I focused on other tasks. As part of a group of vendors, **we launched the "Love Is Essential" contest.** We're going to supply the wedding garments for a wedding ceremony valued at \$25,000 for one couple who works on the front lines.

PHOTOGRAPH BY CLAUDINE BALTAZAR

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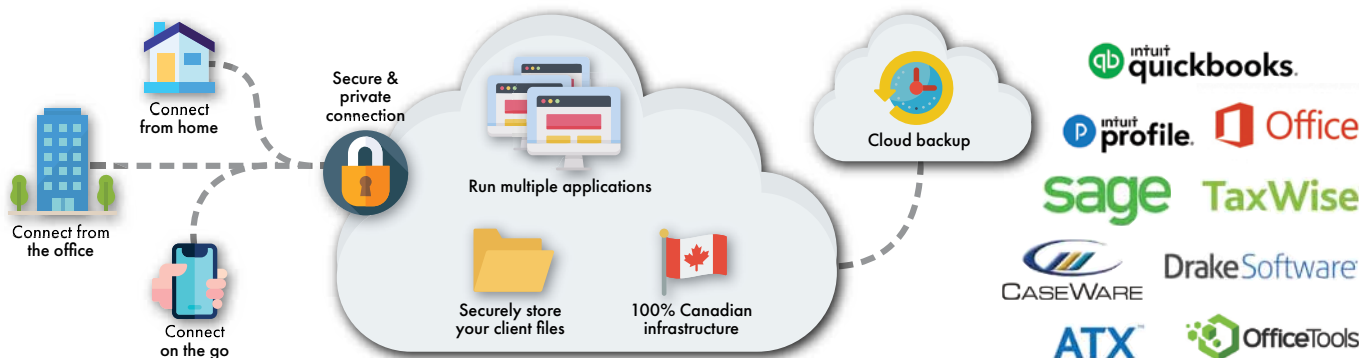
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