



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

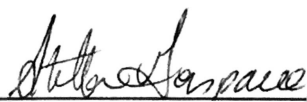
TO: Mayeer Y. Pearl, CPA, CA

AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against Mayeer Y. Pearl, CPA, CA, a member of CPA Ontario:

1. THAT the said Mayeer Pearl, in or about the period April 1, 2017 through June 30, 2017, failed to conduct himself in a manner which will maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1 of the Code of Professional Conduct in that, after resigning from accounting firm "Firm A" he removed electronic "Firm A" data which he subsequently utilized while providing accounting services through a different accounting firm.
2. THAT the said Mayeer Pearl, on or about November 2, 2017 while the subject of a complaint submitted to CPA Ontario, signed or associated himself with a written response which he knew was false and misleading, contrary to Rule 205 of the Code of Professional Conduct, in that he submitted a response to the Director of Standards Enforcement that misrepresented the extent of the electronic data that was taken from "Firm A" and how it was used.

Dated at Toronto, Ontario, this 31st day of July, 2020.



M.S. GASPARRO, CPA, CA, DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **MAYEER Y. PEARL, CPA, CA**, a member of the Chartered Professional Accountants of Ontario, under **Rule 201.1** and **Rule 205** of the CPA Code of Professional Conduct ('Code').

TO: Mayeer Y. Pearl

AND TO: The Professional Conduct Committee

DECISION AND ORDER MADE NOVEMBER 10, 2020

DECISION

The allegations that Mayeer Y. Pearl has breached Rule 201.1 and Rule 205 of the CPA Code of Professional Conduct ('Code') are established and constitute professional misconduct.

ORDER

IT IS ORDERED THAT:

1. Mayeer Y. Pearl be reprimanded in writing by the Chair of the hearing;
2. Mayeer Y. Pearl shall pay a fine of \$12,500 to the Chartered Professional Accountants of Ontario ("CPA Ontario") by November 10, 2021;
3. Notice of this Decision and Order, disclosing Mayeer Y. Pearl's name, is to be given in the form and manner determined by the Discipline Committee:
 - (a) to all members of CPA Ontario;
 - (b) to the Public Accountants Council for the Province of Ontario;
 - (c) to all provincial bodies,and shall be made available to the public;
4. Mayeer Pearl is required to complete by paying for and attending in their entirety within twelve (12) months from the date of this Decision and Order, the following Professional Development courses or their replacement courses:
 - (a) Ethics Guidance for CPAs;
 - (b) Ethics-Regulations, Interpretations and Guidance for Accountants;
 - (c) CPA Ontario Ethics Summit, and
 - (d) Conflict Resolution Skills for Business Professionals.

5. In the event Mayeer Y. Pearl fails to comply with the terms of this Order, his membership with CPA Ontario shall be suspended until such time as he does comply, provided that he complies within 30 days of the date of his suspension. In the event he does not comply within the 30-day period, his membership in CPA Ontario shall be revoked and notice of the revocation of his membership, disclosing his name, shall be given in the manner specified above, and in a newspaper distributed in the geographic area of Mayeer Y. Pearl's residence or employment. All costs associated with this publication shall be borne by Mayeer Y. Pearl and shall be in addition to other costs ordered by the panel;

AND THAT:

6. Mayeer Y. Pearl shall pay costs of \$22,500 to CPA Ontario by November 10, 2021.

DATED at Toronto this 10th day of November 2020.



Stuart Douglas
Discipline Committee – Chair

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **MAYEER Y. PEARL**, CPA, CA, a member of the Chartered Professional Accountants of Ontario, under **Rule 201.1** and **Rule 205** of the CPA Ontario Code of Professional Conduct, as amended.

BETWEEN:

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

-and-

Mr. Mayeer Y. Pearl

APPEARANCES:

For the Professional Conduct Committee: Julia McNabb, Counsel

For Mr. Pearl: Cynthia Amsterdam, Counsel

Heard: November 10, 2020

Decision and Order effective: November 10, 2020

Release of written reasons: March 29, 2021

REASONS FOR THE DECISION AND ORDER MADE November 10, 2020

I. OVERVIEW

- [1] This hearing was held to determine whether Mayeer Y. Pearl had failed to maintain the good reputation of the profession and its ability to serve the public interest, and whether he had submitted a written response to a complaint being investigated by CPA Ontario, which he knew was false and misleading. If the facts presented established the alleged conduct, the Panel was to determine whether the allegations amounted to professional misconduct.
- [2] In 1997 Mr. Pearl began working as a junior staff accountant in a firm which would dissolve and eventually become Firm A. In 2000, he obtained his Chartered Accountant designation and in 2002, he became an equity partner. He held this position until June 30, 2017 at which time he left Firm A.

- [3] In August 2017, a complaint was made to CPA Ontario on behalf of Firm A alleging that Mr. Pearl had misappropriated confidential Firm A Client data by downloading a backup of Firm A's server without their knowledge or consent.
- [4] Mr. Pearl provided a written response in November 2017 in which he admitted to the conduct – specifically admitting to having taken a backup copy of Firm A's server ("the first hard drive"). He confirmed that he had returned to counsel for Firm A, the backup copy in its original and unopened packaging. Mr. Pearl also admitted to taking a portable drive containing personal emails sent and received to his Firm A email account, which also included client related exchanges.
- [5] On March 22, 2018, following a review of the matter, the Professional Conduct Committee ("PCC") provided guidance to Mr. Pearl and the file was closed.
- [6] On June 25, 2018, a second complaint was submitted on behalf of Firm A alleging that as a result of a forensic investigation, it had been discovered that a second hard drive had been connected to Mr. Pearl's Firm A work computer and had been used to copy large amounts of data from the computer to the hard drive on multiple dates.
- [7] On December 20, 2018, Mr. Pearl provided a response in which he admitted to copying files onto a second hard drive and to accessing some of the copied files. Mr. Pearl acknowledged the misrepresentations made in his initial response to CPA Ontario in November 2017. He expressed remorse for his lack of transparency when addressing the second hard drive in his response provided in November 2019.
- [8] The onus was on the PCC to prove on a balance of probabilities the conduct alleged, and that the conduct constituted professional misconduct.
- [9] The parties jointly filed an Agreed Statement of Facts (Exhibit 1) executed on October 9, 2020, setting out the evidence supporting the allegations made against Mr. Pearl, as well as Mr. Pearl's admissions that the conduct set out in the Agreed Statement of Facts amounted to professional misconduct. At the hearing, Mr. Pearl admitted to the allegations made against him.

II. ISSUES

- [10] The Panel identified the following issues arising from the allegation:
 - a) Did the evidence establish, on a balance of probabilities, the facts on which the Allegations were based?
 - b) If the Allegations were established on the evidence presented on a balance of probabilities, did they constitute professional misconduct?

IV. DECISION

- [11] The Panel found that the evidence and the admissions made by Mr. Pearl established, on a balance of probabilities, the facts on which the allegation was based.
- [12] The Panel was satisfied that the allegations constituted a breach of Rule 201.1 of CPA Ontario's *Code of Professional Conduct* (Code) in that Mr. Pearl failed to act in a manner which would maintain the good reputation of the profession and its ability to serve the public interest and a breach of Rule 205 of the Code by providing a false and misleading response during the course of a CPA Ontario investigation.
- [13] Mr. Pearl admitted and the Panel went on to conclude that having breached Rule 201.1 and Rule 205, Mr. Pearl had committed professional misconduct.

V. REASONS FOR THE DECISION

Findings Regarding Conduct of Mr. Pearl

i. The First Hard Drive

- [14] In 2016, JB of GDV Inc. had been engaged by Firm A to provide emergency disaster offsite backup of Firm A's servers. Mr. Pearl, who was Firm A's point of contact, requested that a copy of Firm A's servers be taken in July 2016. JB copied approximately 328 GB of data backed up on Firm A's servers.
- [15] On May 10, 2017, Mr. Pearl advised Firm A that he would be resigning effective June 30, 2017. Mr. Pearl was to begin working at a new firm on July 1, 2017.
- [16] On the day before tendering his resignation, Mr. Pearl requested that JB update the contents of the hard drive which contained the data originally copied in July 2016. An additional 109 GB of data were copied and the hard drive was delivered to Mr. Pearl's home on June 29, 2017.
- [17] On July 13, 2017, following discussions with JB, Firm A discovered that Mr. Pearl was in possession of a hard drive upon which Firm A's server had been copied. Firm A immediately contacted Mr. Pearl's counsel (who acted for Mr. Pearl on an ongoing civil matter) and requested the return of the hard drive. Mr. Pearl complied that same day, providing the hard drive through counsel.
- [18] Mr. Pearl was in possession of the hard drive between June 29 and July 13, 2017 at which point it was delivered to his counsel. Mr. Pearl denied opening the package in which the hard drive had been delivered to him on June 29, 2017. Firm A does not dispute this assertion.

ii. The Second Hard Drive

- [19] In the weeks prior to leaving Firm A, Mr. Pearl purchased a second hard drive upon which he copied his work computer over the course of three days leading up to his resignation. The second hard drive remained in Mr. Pearl's possession from June 2017 to October 31,

2017 at which time it was turned over to his Regulatory Counsel representing him in matters being considered by CPA Ontario.

- [20] A few days before turning over the second hard drive to his Regulatory Counsel, Mr. Pearl deleted a number of documents from the hard drive which originated from his workplace computer. Mr. Pearl acknowledges this was done in an effort to conceal his actions – actions which he had not disclosed to his Regulatory Counsel.
- [21] The second hard drive was turned over to Firm A's legal counsel by Mr. Pearl's Regulatory Counsel on December 5, 2018 pursuant to a protocol which had been negotiated over 5 months.
- [22] Based on forensic reviews of the second hard drive, it was determined that the second hard drive contained personal documents, pictures, Outlook files from Mr. Pearl's Firm A email account and from his previous firm's email account. The review also revealed the documentation which Mr. Pearl had sought to delete from the second hard drive.
- [23] The types of files saved on the second hard drive included client documents prepared by Mr. Pearl or documents prepared by clients and provided to Mr. Pearl; personal documents, including his personal and company CaseWare and Taxprep documents and personal tax returns for himself and family members, and CaseWare and Taxprep documents Mr. Pearl had failed to delete once uploaded to the Firm A server during the ordinary course of business.
- [24] Of the 111 emails retrieved from the hard drive, 41 of them related directly to Firm A clients. Of those 41 clients, 35 emails related to clients who had transitioned to the new firm Mr. Pearl had joined, while the remaining 6 emails pertained to Firm A clients who were inactive at the time Mr. Pearl left the firm. Mr. Pearl volunteered that there were 3 additional Firm A client emails which he recalled accessing which were not revealed in the forensic reviews. These 3 clients became clients of the firm Mr. Pearl joined in July 2017.
- [25] In addition to accessing emails, Mr. Pearl also accessed 10 client folders. 7 of the folders accessed related to Firm A clients that became clients of the firm Mr. Pearl joined. In addition to accessing client folders, two client spreadsheets were accessed between June 30, 2017 and October 29, 2017. Both clients are now with Mr. Pearl's new firm.

iii. Mr. Pearl's Initial Representations

- [26] In the first complaint submitted on behalf of Firm A to CPA Ontario in August 2017, it was alleged that prior to his departure from Firm A, Mr. Pearl had misappropriated confidential Firm A client data via the downloading of a backup of Firm A's server on two occasions, without the knowledge of Firm A.
- [27] In his response dated November 2, 2017, Mr. Pearl admitted to taking the first hard drive which contained a backup copy of Firm A's server. He advised that the hard drive had been returned to Firm A in its original and unopened packaging upon request by Firm A's counsel.
- [28] Mr. Pearl also revealed that he had taken a second hard drive containing personal emails sent to and received from his Firm A email account, which also included client related

email exchanges. He advised that the second hard drive had been delivered to his Regulatory Counsel.

- [29] He acknowledged that prior to his departure from Firm A, he had received instructions from Firm A not to take client data upon his departure.
- [30] Both in his initial response and in his subsequent interview with CPA Ontario's investigator, Mr. Pearl expressed remorse, apologized and took responsibility for his actions.
- [31] In providing reasons for his conduct, Mr. Pearl characterized working at Firm A as a "toxic working environment" that caused him to fear that client information would not be readily shared for any clients who chose to move with Mr. Pearl to the new firm. Mr. Pearl explained that he was upset regarding the conduct of Firm A's Management Committee with respect to the resignation of another partner and the manner in which the transfer of client data was handled following the partner's departure from Firm A. Mr. Pearl was concerned that Firm A would not cooperate in the transition of client files to his new firm. Mr. Pearl explained that first and foremost it was his duty to protect his clients and that it would assist clients if he maintained copies of client owned documents that had been sent to him or which he had prepared and sent to clients or to others.
- [32] Following a review of the file, on March 22, 2018, the Professional Conduct Committee provided guidance to Mr. Pearl and the file was closed.

iv. Mr. Pearl's Second Response

- [33] A second complaint made on behalf of Firm A was received on June 25, 2018 alleging that forensic evidence revealed that the second hard drive had been connected to Mr. Pearl's Firm A work computer and had been used to copy large amounts of data from the computer onto the second hard drive on multiple dates.
- [34] In responding to this new allegation and allegations that his initial response was consequently false and misleading, Mr. Pearl admitted that, unknown to his Regulatory Counsel at the time, the representations made in his initial response did not convey the full extent of his actions. He acknowledged that his initial representations did not provide comprehensive disclosure of the entire contents of and his access to the second hard drive. Mr. Pearl also admitted to copying files to the second hard drive. In his second response, Mr. Pearl acknowledged the misrepresentations made in his first response and expressed remorse for his lack of transparency when addressing the second hard drive in his initial response.
- [35] Mr. Pearl's initial response was inaccurate in light of his admission that he had backed up the contents of his Firm A laptop computer onto the second hard drive. The content he backed up was not limited to emails, as he claimed in his initial response, but included client documents. Contrary to Mr. Pearl's initial response, Mr. Pearl had in fact accessed some of the client files contained in the second hard drive. Mr. Pearl also acknowledged that prior to delivering the second hard drive to his Regulatory Counsel for safe keeping, he deleted the entire contents of the "My Documents" folder from the hard drive to conceal his actions.

- [36] Mr. Pearl's initial response was false and misleading. His initial reply portrayed his misconduct in a more favourable light and it was not until the second complaint was received, which included the forensic review, that the full extent of his misconduct was acknowledged and Mr. Pearl provided an honest depiction of his actions to the Professional Conduct Committee.
- [37] In his response to the second complaint, Mr. Pearl explained that he was in a state of panic and was not thinking rationally when he deleted the contents of the second hard drive and prepared his initial response. Mr. Pearl admitted to the wrongfulness of his actions and acknowledged he should have sought advice and been forthright regarding his dealings with the second hard drive.

Finding of Professional Misconduct

- [38] The onus was on the PCC to show on a balance of probabilities that Mr. Pearl's conduct breached Rules 201.1 and 205 of the Code, and that such conduct constituted professional misconduct.
- [39] The evidence adduced, particularly the Agreed Statement of Facts which includes Mr. Pearl's admission of misconduct, provides clear, cogent and compelling evidence to prove the allegations on a balance of probabilities.
- [40] Mr. Pearl breached Rules 201.1 and 205 of the Code and those breaches constituted professional misconduct.

VI. SANCTIONS

- [41] The parties made a joint submission with respect to sanction, submitting that a written reprimand, a fine of \$12,500 payable within twelve months, completion of four specified continuing professional development courses, and the usual order as to publication of the decision in accordance with Regulation 6-2 including notice to all members of CPA Ontario and the decision being available to members of the public, as well as the customary term for failing to comply with the order, would be appropriate. The Panel concluded it would be appropriate to accept the joint submission.
- [42] It is well-established that a joint submission should only be rejected where the proposed sanction would bring the administration of justice into disrepute or be otherwise contrary to the public interest. In practical terms, this test often involves a consideration of whether the proposed sanction falls outside of the reasonable range of sanctions for similar misconduct.
- [43] The Panel considered the sanctioning principles of protection of the public interest, general deterrence of the membership, specific deterrence of Mr. Pearl, denunciation, and rehabilitation, as well as the aggravating and mitigating factors in this case.
- [44] Mr. Pearl was entitled to change firms. However, he was not entitled to take proprietary information from his first firm nor was he entitled to mislead his governing body as to the extent of the information he had taken. Chartered professional accountancy is a self-governed profession, and the reputation of that profession depends on its members acting


with professionalism and integrity. Mr. Pearl did neither, and his conduct was unacceptable and must be denounced as such.

- [45] In mitigation, Mr. Pearl has fully engaged in the disciplinary process and has cooperated with the investigation. He has no discipline history, and has taken steps towards his own rehabilitation, including counselling. Further, it appears his concern that his former firm might impede the movement of clients who wished to remain with him may have some foundation. While that belief explains, in part, his actions, it does not excuse them.
- [46] The written reprimand, continuing professional development courses in addition to the fine, serve to emphasize to Mr. Pearl, and the membership, the seriousness of his conduct and the need to maintain the high standards expected of a CPA member. The publication of this matter provides assurance to the membership and the public that CPAs who fail to meet those standards are dealt with by their governing body.
- [47] Taken as a whole, the sanctions appropriately address the principles of sanctioning, and Mr. Pearl's specific circumstances, and the Panel accepts the joint submission.

VII. COSTS

- [48] Costs are imposed as an indemnity, not as an additional fine. The parties jointly submitted that a costs award of \$22,500, payable within twelve months, would be appropriate. Having considered the complexity of this matter, the fact the hearing proceeded as an admission and agreement on the facts, and Mr. Pearl's circumstances, the Panel concurs.

DATED this 29th day of March, 2021



Stuart M. Douglas, FCPA, FCA
Discipline Committee – Chair

Members of the Tribunal

Ellen Bessner (Public Representative)
Paul Busch, FCPA, FCA, LPA
Jeremy Cole, FCPA, FCA, LPA
David Handley (Public Representative)

Independent Legal Counsel

Nadia Liva, Barrister & Solicitor