

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **JOHN M. ROSENTHAL, CPA, CA**, under **Rules 201.1, 212.1, and 218** of the CPA Code of Professional Conduct.

Allegations against **MARK S. ZARETSKY, CPA, CA**, under **Rules 201.1 and 202.2** of the CPA Code of Professional Conduct.

BETWEEN:

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

-and-

John M. Rosenthal and Mark S. Zaretsky

APPEARANCES:

For the Professional Conduct Committee:	Kelvin Kucey, Counsel
For John M. Rosenthal:	Present and Self Represented
For Mark S. Zaretsky:	Not Present and Not Represented
Heard:	October 1, 2025
Order effective:	October 1, 2025
Release of written reasons on sanction:	November 5, 2025

REASONS FOR THE DECISION AND ORDER MADE OCTOBER 1, 2025

I. OVERVIEW

[1] John M. Rosenthal (“Rosenthal”) and Mark S. Zaretsky (“Zaretsky”) had been longtime partners in a firm that came to be known as RZN LLP (“RZN”) when a former client, EB, made a complaint to the Chartered Professional Accountants of Ontario (“CPA Ontario”) about the use of funds he had provided to RZN for investment purposes.

[2] Following an investigation arising from the complaint, the Professional Conduct Committee (“PCC”) of CPA Ontario alleged that Rosenthal and Zaretsky each violated several Rules of the Code of Professional Conduct (“the Code”), amounting to professional misconduct (“the Allegations”). In summary, the PCC alleged that Rosenthal, while engaged in the practice of public accounting with RZN:

(1) failed to act in a manner which will maintain the good reputation of the profession

and serve the public interest contrary to Rule 201.1 of the Code by offering investment services through RZN to the public, converting funds intended for investment to his personal use, failing to repay a \$500,000 promissory note when it became due, and requiring the withdrawal of a complaint to CPA Ontario as a precondition to the repayment of the promissory note;

- (2) in the handling of the funds provided for the purpose of investment, failed to document and administer the funds in accordance with Rule 212.1 of the Code by directing the comingling of the funds with RZN's general accounts; directing the comingling of designated trust funds with RZN's general accounts; using the funds to make loans to third parties without the investors' knowledge or approval; using the funds to pay off RZN's facility loans and cover his RZN partnership withdrawals; and failing to document and retain appropriate records of the investors' six promissory notes;
- (3) failed to take reasonable steps to retain records or other documentation which reasonably evidenced the nature and extent of the work done in respect of a professional service, in that he failed to retain documents related to the six promissory notes valued at over \$850,000 including \$500,000 issued to RZN in trust, contrary to Rule 218 of the Code.

[3] In summary, the PCC alleged that Zaretsky, while engaged in the practice of public accounting with RZN:

- (1) failed to conduct himself in a manner which will maintain the good reputation of the profession and serve the public interest, contrary to Rule 201.1 of the Code in that he failed to document or retain records regarding \$500,000 issued to RZN in trust, to which he signed a personal guarantee, and that he failed to repay a promissory note of over \$500,000 when that note became due and payable;
- (2) allowed his professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others, contrary to Rule 202.2 of the Code, in that he knew of and acquiesced to the conduct of his partner Rosenthal who accepted monies for investment purposes and passed those monies through RZN's bank accounts, used the investment funds to pay off RZN's facility loan and to cover Rosenthal's partnership withdrawals; comingled trust monies in the RZN general bank account, and used the funds to make loans to third parties.

[4] The hearing into the Allegations of professional misconduct was held on June 18 and 19, 2024, as well as on January 9, February 5, and February 24, 2025. In the Decision and Reasons dated April 30, 2025, the Panel found, on a balance of probabilities, that the Allegations against Rosenthal and Zaretsky were established and constituted professional misconduct.¹

[5] Having found that Rosenthal and Zaretsky engaged in professional misconduct as alleged, the Panel directed the Tribunals Office to arrange a hearing on sanction and costs, which was held on October 1, 2025. Rosenthal attended the hearing, but Zaretsky did not. Following deliberation, the Panel issued its Order on Sanction and Costs dated October 1, 2025, with reasons to follow. These are the reasons for that Order.

¹ *Chartered Professional Accountants of Ontario v. Rosenthal et al*, [2025 ONCPA 12](#)

II. PRELIMINARY ISSUES

- [6] While Zaretsky had been present for the conduct portion of the hearing, he did not attend or have a representative attend on his behalf for the sanctions portion of the hearing. In order to proceed in his absence, the Panel had to be satisfied that he had been provided notice of the sanctions hearing. The Affidavit of Alyssa Girardi, affirmed September 30, 2025 (Exhibit 6), established that Zaretsky was provided with notice of the hearing by email from the Tribunals Office on August 1, 2025, which was confirmed by email on August 7, 2025.
- [7] Based on this affidavit evidence, the Panel was satisfied that Zaretsky had been provided proper notice of the hearing and determined that it would proceed in his absence.

III. EVIDENCE ON SANCTION

- [8] In addition to the evidence introduced in the conduct portion of the hearing, the Panel accepted into evidence the Supplemental Document Brief of the PCC, marked as Exhibit 3. This Exhibit included a Notice of Bankruptcy in respect of Zaretsky, dated September 5, 2025, containing Form 79, which lists Zaretsky's Assets and Liabilities. Exhibit 3 also included email correspondence from the Office of the Registrar of CPA Ontario to Zaretsky, providing notice of the suspension of his CPA Ontario Membership for failure to submit his 2025-2026 Annual Membership Dues and his 2024 Continuing Professional Development Declaration.

IV. DECISION AS TO SANCTION

- [9] After considering the evidence, the law, and the submissions of the PCC, the Panel ordered that Rosenthal's membership be revoked, that he pay a fine of \$75,000 within 90 days, that he be reprimanded, and that the Decision and Order be disclosed to all members of CPA Ontario, the Public Accounting Standards Committee, all provincial bodies, members of the public, and be published in the *Globe and Mail* newspaper.
- [10] The Panel ordered that Zaretsky's membership be revoked, that he pay a fine of \$50,000 within 90 days, that he be reprimanded, and that the Decision and Order be disclosed to all members of CPA Ontario, the Public Accounting Standards Committee, all provincial bodies, members of the public, and be published in the *Globe and Mail* newspaper.

V. REASONS FOR THE DECISION AS TO SANCTION

Position of the Parties

- [11] The PCC submitted that the appropriate sanction for Rosenthal was revocation of his membership, a \$60,000 fine payable within 90 days, a written reprimand, disclosure of the order to all members of CPA Ontario, all provincial bodies, members of the public, and publication in the *Globe and Mail* newspaper.
- [12] The PCC submitted that the appropriate sanction for Zaretsky was the same as for Rosenthal, except with a fine of \$20,000 payable within 90 days.
- [13] The PCC submitted that revocation was appropriate for Rosenthal given this Panel's finding that he converted EB's funds to his personal use. The PCC submitted that revocation was appropriate for Zaretsky given Zaretsky's key role in RZN as the firm's managing partner with the responsibility to safeguard funds received in trust, his complete knowledge of and complicity in Rosenthal's misconduct, and his own failure to honour his personal guarantee of EB's promissory note.

- [14] The PCC reviewed the quantum of fines awarded in cases of conversion and misappropriation and submitted that a higher fine was appropriate for Rosenthal in relation to Zaretsky, given that Rosenthal was the primary driver of the solicitation and conversion of EB's funds, based on his longstanding relationship with EB.
- [15] Rosenthal declined to take a position on sanction.

Factors to Consider in Determining Sanction

- [16] Pursuant to [Regulation 6-2](#), in determining appropriate sanctions the Panel shall consider aggravating and mitigating factors, and may consider the relevant principles of sanction, including protecting members of the public, promoting public confidence in the profession, denouncing the misconduct, achieving specific and general deterrence, maintaining high ethical standards of the profession, and facilitating rehabilitation.
- [17] In determining the appropriate sanction, the Panel considered the nature of the misconduct, as well as aggravating and mitigating circumstances, and the relevant case law cited by the PCC.

The Sanction for Rosenthal

- [18] Considering the nature of Rosenthal's misconduct, the Panel found that Rosenthal converted EB's funds, intended for investment purposes, for his own use in paying himself partnership withdrawals and paying down the RZN facility loan. This conversion, as well as his failure to repay the funds when EB's promissory note became due, constituted a failure of Rosenthal to conduct himself in a manner which would maintain the good reputation of the profession and serve the public interest. Rosenthal's attempt to have EB withdraw his complaint against him as a condition for repayment of his promissory note was self-serving, corrupt, and potentially harmful to the administration of justice. Taken as a whole, the Panel found Rosenthal's misconduct to be egregious and among the most serious that could be committed by a CPA.
- [19] The Panel found that Rosenthal's abuse of EB's trust was an aggravating factor. Based on their longstanding professional relationship and friendship, EB trusted Rosenthal so completely that he did not even require written confirmation from Rosenthal of the funds he advanced for investment, or written confirmation of the terms of the investment. Rosenthal exploited EB's misplaced trust in his professionalism and friendship and took advantage of that trust to use EB's funds for his own benefit, and to string EB along for a full three years before finally repaying EB the funds he was owed.
- [20] The Panel recognized that Rosenthal did ultimately repay the funds to EB, and that Rosenthal had no disciplinary record. However, despite his attendance at the hearing, Rosenthal declined the opportunity to present evidence of mitigating facts. The Panel heard no evidence of remorse, insight, or rehabilitation.
- [21] The Panel found that the seriousness of Rosenthal's misconduct necessitated the sanction of revocation. Panels of the Discipline Committee have consistently ordered revocation upon finding that members have misappropriated or converted funds for their own use: See [Ryan](#) (2024), [Anis](#) (2024), [Spitters](#) (2023), [Khosla](#) (2023), and [Spicer](#) (2020), among many others. Conversion involves moral turpitude (*Ryan* at para. 32). The Panel found that the language used in *Khosla* at para. 39 is equally applicable to Rosenthal's misconduct: Such misconduct "is devastating to a profession that exists on its good reputation. It cannot be countenanced by that profession, or by the public the

profession serves.”

- [22] Rosenthal’s ultimate repayment of the funds to EB was given little weight and does not lessen the appropriateness of revocation as a sanction in this case. In *Spicer*, the mitigating facts of restitution, admitting the misconduct, and demonstrating genuine remorse were insufficient to move the panel from revocation, given the lack of integrity inherent in the misappropriation of funds. As found by the panel in *Anis* at para. 38, the return of funds over which a CPA had no legal claim is “the minimum that can be expected of a regulated professional.”
- [23] The Panel concluded that, in addition to revocation, a substantial fine was necessary to reflect the seriousness of Rosenthal’s misconduct and to ensure that other members of the profession know they will face a significant financial penalty for conversion or misappropriation. The Panel considered the range of fines in the caselaw provided by the PCC, including fines of \$60,000 (*Ryan*), \$75,000 (*Carr*, 2019 and *Anis*), and \$100,000 (*Fletcher*, 2020) that have been ordered where conversion or misappropriation were established. The Panel found that the fine of \$60,000 sought by the PCC did not adequately reflect the seriousness of Rosenthal’s misconduct, including the exploitation of EB’s trust. The Panel invited the parties to make further submissions on the appropriateness of the proposed fine. The PCC acknowledged that it was within the Panel’s discretion to impose a higher fine based on the facts before it. Rosenthal submitted that the Panel should keep in mind the repayment of the funds to EB and his position that the firm did not benefit from the transaction. In the Panel’s view, given that the fine of \$100,000 (*Fletcher*) specifically resulted from a joint submission by the member and PCC, the otherwise highest quantum of \$75,000 would be appropriate considering the nature of the misconduct and the abuse of trust and was necessary to serve as a general deterrent to the membership and to demonstrate to the public the seriousness with which the profession takes this misconduct.
- [24] The Panel accepted the PCC submission that a reprimand was appropriate to convey to Rosenthal directly that his misconduct was unacceptable and had tarnished the reputation of CPA Ontario and its members.
- [25] Taking into account all of the findings of misconduct against Rosenthal, the Panel found that these sanctions constituted an appropriate and reasonable global remedy.
- [26] Publication of the sanction and notice in the *Globe and Mail* newspaper pursuant to Regulation 6-2 were necessary in order that the deterrent message be conveyed to other members, and to ensure that the public was aware of the sanction.

The Sanction for Zaretsky

- [27] Considering the nature of Zaretsky’s misconduct, the Panel found that he failed to maintain the good reputation of the profession and serve the public interest when he failed to honour his personal guarantee to repay EB the funds he was owed. During the three years that EB attempted to recover his investment funds, Zaretsky had an outstanding commitment to make EB whole. He took no steps to do so, instead choosing to follow Rosenthal’s lead and allow EB to continue to struggle to obtain what had been promised to him.
- [28] Zaretsky had a professional responsibility as the managing partner of RZN to safeguard the funds from EB received by RZN in trust. He took no steps to do so. He failed to exercise his independent judgement and instead deferred to Rosenthal at every turn. In doing so, Zaretsky effectively abdicated his professional responsibilities. He did not question Rosenthal’s conduct or take steps to stop Rosenthal from inappropriately using RZN’s general account as a depository for trust funds solicited for investment purposes, from

using EB's investment funds to pay RZN's facility loan and Rosenthal's partnership withdrawals, or from using EB's funds to make loans to third parties without EB's knowledge.

- [29] The Panel found it was an aggravating factor that Zaretsky allowed his judgement to be compromised due to his own self-interest, specifically Rosenthal's offer to provide him with a share of the profits of the ABC Lands transaction.
- [30] In the absence of evidence about the circumstances of Zaretsky's bankruptcy or the nature of his creditor's claims, the Panel did not place weight on the Notice of Bankruptcy (Exhibit 3) in its determination of his appropriate sanction. The Panel did not find the evidence that Zaretsky had been suspended for failure to submit payment of dues or a CPD declaration to be relevant to the issue of sanction.
- [31] The Panel found that the seriousness of Zaretsky's misconduct necessitated revocation of his membership in CPA Ontario. Motivated by the promise of material gain and with full knowledge of Rosenthal's misconduct, Zaretsky did nothing to protect EB's funds, instead facilitating their improper use. The maintenance of the public's confidence in the profession mandated his removal from membership.
- [32] The Panel agreed with the PCC's position that Zaretsky's secondary (albeit critical) role in Rosenthal's scheme warranted a lesser fine than that imposed on Rosenthal. However, as in the case of Rosenthal, the Panel was of the view that the PCC's proposed fine of \$20,000 was too low to achieve the objective of general deterrence. The Panel found that a fine of \$50,000 was appropriate and necessary to send the message to the profession that abdication of one's professional responsibilities and the enabling of a partner's serious misconduct must carry a very significant price.
- [33] The Panel accepted the PCC's submission that a reprimand was appropriate to convey to Zaretsky directly that his misconduct was unacceptable and had tarnished the reputation of CPA Ontario and its members.
- [34] Taking into account all of the findings of misconduct against Zaretsky, the Panel found that these sanctions constituted an appropriate and reasonable global remedy.
- [35] As with Rosenthal, publication of the sanction and notice in the *Globe and Mail* newspaper pursuant to Regulation 6-2 were necessary in order that the deterrent message be conveyed to other members, and to ensure that the public was aware of the sanction.

VI. COSTS

- [36] The law is settled that an order for costs against the Member with respect to the disciplinary proceeding is not a penalty. Costs are intended to indemnify the PCC, based on the underlying principle that the profession as a whole should not bear all of the costs of the investigation, prosecution and hearing arising from the Member's misconduct.
- [37] Costs are ordered at the discretion of the Discipline Committee. It has become customary for the PCC to file a Costs Outline in the same form as used in civil proceedings, and to seek two-thirds of the costs incurred in the investigation and prosecution of the matter.
- [38] The PCC's Costs Outlines for Rosenthal and Zaretsky are Exhibits 4 and 5, respectively. They each reflect 50% of the total costs of the investigation and prosecution of both Members, amounting to \$55,341.33 attributed to each. The PCC sought two-thirds of these actual costs.
- [39] Rosenthal declined to make submissions on costs.

[40] The Panel found that the amount of actual costs incurred was reasonable, and that it was appropriate for the costs to be evenly split between Rosenthal and Zaretsky. The Panel ordered that Rosenthal and Zaretsky each pay two-thirds of their portion of the actual costs, as is the standard practice of the Discipline Committee. Accordingly, costs were set at \$36,894.22 for each of Rosenthal and Zaretsky, payable within 90 days.

DATED this 5th day of November, 2025



Bernard S. Schwartz, FCPA, FCA
Discipline Committee – Chair

Members of the Panel

Peter Albert, CPA, CA, LPA
Barbara Ramsay, Public Representative
Vincci So, CPA, CMA

Independent Legal Counsel

John Dent, Barrister & Solicitor