

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 and 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:**

<b>For the Professional Conduct Committee:</b>	Kelvin Kucey, Counsel
<b>For John M. Rosenthal:</b>	Scott Fenton, Counsel (June 18, 19, 2024 and January 9, 2025)  Present and Self Represented (February 5 and 24, 2025)
<b>For Mark S. Zaretsky:</b>	Jeffrey Leon and Megan Steeves, Counsel (June 18, 19, 2024)  Megan Steeves, Counsel (January 9, 2025)  Present and Self Represented (February 5 and 24, 2025)
<b>Heard:</b>	June 18 and 19, 2024 January 9, February 5, and 24, 2025
<b>Release of written reasons on misconduct:</b>	April 30, 2025

**REASONS FOR THE DECISION ON CONDUCT DATED APRIL 30, 2025**

**I. OVERVIEW**

[1] The Professional Conduct Committee (“PCC”) of the Chartered Professional Accountants of Ontario (“CPA Ontario”) made Allegations against John M. Rosenthal (“Rosenthal”) and

Mark S. Zaretsky (“Zaretsky”) relating to their use of funds provided by their former client for investment purposes.

- [2] Rosenthal began his accounting career in 1973 with WE & Co. and became a partner in that firm in 1981. He met Zaretsky in 1984, and in 1989 they formed a new partnership named Rosenthal and Zaretsky. The firm has been named RZN LLP (“RZN”) since 2019. Rosenthal is 71 years old, holds a Public Accounting Licence (“PAL”), and practices as a partner at RZN. He prepares and reviews assurance and compliance engagements and reviews personal, corporate, and trust income tax returns at RZN.
- [3] Zaretsky began his accounting career in 1979 at M and Company, which later became part of GT, a multinational accounting firm. He obtained his CA designation in 1982 and worked with several different firms before forming RZN with Rosenthal. Zaretsky is 66 years old, holds a PAL and practices as a partner at RZN. His practice encompasses compilation engagements, personal tax, corporate tax, some assurance engagements, and business consulting.
- [4] RZN is a three-partner firm that provides assurance (audits and reviews), compilation, personal and corporation taxation, tax advisory, and consulting services. There are currently ten CPAs employed at RZN.

#### *The Complaint and the Allegations*

- [5] The complaint against Rosenthal and Zaretsky (“the Members”) was made by a former client, EB, relating to an unpaid 2017 promissory note. The scope of the CPA Ontario investigation was expanded to include the prior financial dealings between RZN, Rosenthal, Zaretsky and EB.
- [6] Following the completion of the investigation, the PCC made Allegations of professional misconduct against Rosenthal and Zaretsky, which are summarized below.
- [7] There are three Allegations against Rosenthal:
  - (1) That Rosenthal, from December 1 2014 through June 30 2023, while engaged in the practice of public accounting with RZN, 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 CPA Ontario Rules of Professional Conduct (“Rules”) and the Code of Professional Conduct (“Code”)<sup>1</sup> by offering investment and lending 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 pre-condition to the repayment of the promissory note;
  - (2) That Rosenthal, from December 1 2014 through June 30 2023, while engaged in the practice of public accounting with RZN, 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 Rules and the Code by directing the comingling

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<sup>1</sup> The Rules of Professional Conduct were repealed and replaced by the CPA Code of Professional Conduct effective February 26, 2016. Accordingly, the former Rules governed the conduct of the Members during the period of the Allegations to February 26, 2016, and the Code governed the conduct of the Members subsequent to that date.

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 loan and cover his RZN partnership withdrawals; and failing to document and retain appropriate records of the investors' six promissory notes;

- (3) That Rosenthal, from December 1 2014 through June 30 2023, while engaged in the practice of public accounting with RZN, 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 Rules and the Code.

[8] There are two Allegations against Zaretsky:

- (1) That Zaretsky, from December 1 2014 through June 30, 2023, while engaged in the practice of public accounting with RZN, 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 Rules and 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) That Zaretsky, from September 30 2016 through June 30 2023, while engaged in the practice of public accounting, 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.

[9] The onus was on the PCC to show on a balance of probabilities that the Members' conduct breached the Rules as alleged and constituted professional misconduct.

#### *The Outcome of the Hearing*

[10] The hearing was originally scheduled for two days, on June 18 and 19, 2024. Three additional days were scheduled in January and February 2025; earlier dates could not be accommodated due to the parties' schedules. The parties submitted a Joint Document Brief (Exhibit 1). The PCC called EB and the investigator Rand Abdulnour ("Abdulnour"), who both provided testimony. During her cross examination by Rosenthal, Abdulnour's Investigator Report was admitted into evidence as Exhibit 2. Neither Rosenthal nor Zaretsky testified or called any witnesses. As is explained later in these reasons, Rosenthal sought leave to introduce expert evidence, but leave was denied by the Panel.

[11] During the course of the hearing, one member of the Panel was appointed to the bench as a judge of the Superior Court of Justice. Pursuant to Rule 18.01 of the *Rules of Practice and Procedure*, the remaining four Panel members constituted quorum and presided over

the hearing.

- [12] As elaborated below, both Members commenced the hearing represented by legal counsel, but concluded the hearing self-represented after their lawyers successfully brought motions to be removed from the record.
- [13] The conduct portion of the hearing was completed on February 24, 2025. The Panel reserved its decision. Having deliberated on the matter, the Panel found, on a balance of probabilities, that the Allegations against both Members were established and constituted professional misconduct.

## **II. PROCEDURAL ISSUES**

### *Motion to Hear the Matters Together*

- [14] On the consent of the parties, at the outset of the hearing the Panel ordered that the matters be heard together, pursuant to Rule 6.01 of the *Rules of Practice and Procedure*.

### *Motions to be Removed as Counsel of Record and to Adjourn the Hearing*

- [15] The hearing commenced with both Members represented by legal counsel and proceeded on that basis on June 18 and June 19, 2024.
- [16] On the third day of the hearing, January 9, 2025, the legal counsel for each Member brought a motion seeking to be removed as the representative of record, pursuant to Rule 4.02 of the *Rules of Practice and Procedure*.
- [17] The basis for Scott Fenton's ("Fenton") motion was that there was an irreparable breakdown of communication with Rosenthal, with the result that Fenton was unable to obtain instructions regarding the hearing. In support of the motion, he provided an affidavit which documented the efforts by his office to obtain instructions from his client since the last hearing date of June 19, 2024, and which included the notice provided to the PCC on November 26, 2024 of his intention to bring a motion to be removed as counsel of record. Fenton advised that all parties consented to the motion.
- [18] The basis for the motion of Bennett Jones was also that there was an irreparable breakdown of the relationship between the firm and their client Zaretsky. Counsel from Bennett Jones provided no evidence by way of affidavit or otherwise in support of the motion, but provided consents from the Members, and from the PCC. Bennett Jones also provided an affidavit of service indicating that the Notice of Motion was served on the Members and the PCC on January 2, 2025.
- [19] Under questioning from the Panel, counsel from Bennett Jones declined to provide evidence in support of their motion or elaborate on the cause of the breakdown of their relationship with Zaretsky. Counsel took the position that they were acting on instructions from Zaretsky, which was sufficient basis for the motion.
- [20] The Panel deliberated and granted both motions. The Panel turned its mind to the considerations informing its discretion to remove counsel of record as set out by the Court of Appeal of Ontario in [\*Brown v Williams\*](#), 2023 ONCA 730 at para. 2. These considerations included the impact of the removal on the client's interests, on the other

parties, and on the administration of justice, and whether the lawyer-client relationship had broken down because of, for example, the loss of confidence in the lawyer's abilities or the client's failure to communicate or follow instructions, or to make payment on the lawyer's accounts.

[21] With respect to Fenton's motion, the Panel found that the consent of all parties addressed concerns about the impact of his removal from the record on his client and the other parties. The Panel found that Fenton's motion materials addressed the reason for the breakdown of the relationship and demonstrated that Fenton had acted in a timely manner in providing notice to his client and to the PCC. Taking these considerations into account, the Panel exercised its discretion to grant the motion.

[22] With respect to the Bennett Jones motion, the Panel found that the consent of all the parties addressed concerns about the impact of their removal from the record on their client and the other parties. The Panel noted the absence of evidence in support of the motion, and did not accept counsel's position that instruction from the client was a sufficient basis for a motion for removal from the record. The Panel noted that this position appears contrary to that articulated by the Court of Appeal for Ontario in *Brown v Williams* at para. 3:

While the impact of the removal on the client's interests and the client's views are important, the question is not simply whether the client wishes the solicitor to continue but whether all the circumstances, including, for example, the client's loss of confidence, justify the solicitor's withdrawal.  
[citations omitted]

Notwithstanding this concern, in light of the consent of all parties and the Panel's decision to grant Fenton's motion, the Panel exercised its discretion to also grant the Bennett Jones motion to be removed from the record.

[23] Based on the position of all parties that the hearing should be adjourned to the next hearing date of February 5, 2025, on a peremptory basis with or without counsel, the Panel so ordered on January 9, 2025.

### **III. ISSUES**

[24] The Panel identified the following issues arising from the Allegations:

- A. Did the evidence establish, on a balance of probabilities, the facts on which the Allegations by the PCC were based?
- B. If these facts were established on the evidence on a balance of probabilities, did the facts as alleged constitute professional misconduct?

### **IV. DECISION**

[25] The Panel found that the evidence established, on a balance of probabilities, the facts on which the Allegations by the PCC against Rosenthal were based.

[26] The Panel was satisfied that the facts as alleged constituted breaches of Rule 201.1, 212.1 and 218 of the Rules and the Code, and having breached these Rules, Rosenthal had

committed professional misconduct.

- [27] The Panel found that the evidence established, on a balance of probabilities, the facts on which the Allegations by the PCC against Zaretsky were based.
- [28] The Panel was satisfied that the facts as alleged constituted breaches of Rule 201.1 of the Rules and the Code, and Rule 202.2 of the Code, and having breached these Rules, Zaretsky had committed professional misconduct.

## **V. REASONS FOR THE DECISION ON THE MEMBERS' MISCONDUCT**

### *Summary of Evidence Relating to the Allegations*

EB provides RZN with funds for investment purposes (the six promissory notes)

- [29] EB testified about his longstanding relationship with Rosenthal. Rosenthal had been his accountant from approximately 1984 to 2009, during which time he had prepared corporate and personal tax returns for EB and his wife. When EB and his wife moved to the United States in 1997, Rosenthal continued to prepare corporate tax returns for their holding company, as well as their Canadian personal tax returns, until 2009. Over that lengthy time period they became very close. EB described Rosenthal as a trusted friend and advisor, whom he considered part of his family.
- [30] EB testified that he had confidence in Rosenthal's investment advice as he appeared to be a very experienced investor and would often speak about how well his investments were doing. EB stated that Rosenthal appeared to be very financially successful.
- [31] Over a three-year period beginning in December 2014, EB provided Rosenthal with funds for investment purposes on five occasions, funds which he had inherited or which he advanced from a Registered Retirement Income Fund:
- i) On December 1, 2014, EB transferred \$164,500 to Rosenthal for investment purposes;
  - ii) On November 28, 2015, EB transferred \$35,000 to Rosenthal for investment purposes;
  - iii) On March 20, 2017, EB transferred \$34,885 to Rosenthal for investment purposes;
  - iv) On March 20, 2017, EB transferred \$21,250 to Rosenthal for investment purposes;
  - v) On May 3, 2017, EB transferred \$59,670 to Rosenthal for investment purposes.
- [32] These five investments totaled \$315,305. EB testified that the rate of interest for each investment was set by Rosenthal. He testified that he understood that they had no set term but would be repaid by Rosenthal whenever he requested. EB testified that he had no documentation from Rosenthal in respect of any of these investments. He did not know the specifics of how Rosenthal invested the funds.
- [33] EB testified that at the time he provided the funds to Rosenthal, he was not concerned by the lack of documentation or the lack of specific terms of the investments because of his complete trust in Rosenthal. These five investments came to be known as promissory notes (PN) one through five.

- [34] The sixth investment that EB provided to Rosenthal was for \$500,000, derived from the sale of the building in which EB's business had operated. Rosenthal had assisted EB in structuring the holding company related to the business and in negotiating the payment of these funds to EB. As such, Rosenthal had knowledge that EB's son ("DB") would be in possession of the funds on behalf of EB. EB testified that Rosenthal had solicited the \$500,000 from EB to be invested by Rosenthal. Exhibit 1, Tab 1 includes a June 2, 2017 email exchange between Rosenthal and EB. EB wrote to Rosenthal:

Hi John,  
Have [sic] the \$500,000 been transferred to you?  
How is your mother?

Love, [EB]

Rosenthal responded:

No. I have had no request from [DB] for my account #, but I do have a fund that [Zaretsky] and I will invest \$1m in less whatever you want to advance. Interest is paid quarterly (in \$cdn). The rate is 5.9% per year and term is 48 months.

Otherwise it will just be at t-bill rates.

Let me know.

Please advise.

JMR. (PS: mother is ok but sleeps forever – be there in two weeks)

- [35] EB testified that upon receiving this email from Rosenthal, he thought that if Rosenthal and Zaretsky were going to invest that amount in the fund, it must be a really good opportunity, so he was very interested in investing as well.
- [36] EB testified of his understanding that Rosenthal and Zaretsky had a fund that invested in real estate deals where the borrowers paid a higher rate of interest as they could not obtain financing from a bank. The fund paid an interest rate of around 6%, but Rosenthal and Zaretsky often made more than that, which gave them a cushion and allowed them to personally guarantee the investments.
- [37] Exhibit 1, Tab 15 includes a cheque dated June 21, 2017, from DB to "RZN LLP in trust" for \$500,000, and an accompanying note of the same date:

Dear John,

Please find enclosed a cheque for \$500,000 made out to your firm, RZN LLP in trust, which I am sending you further to my parents' request to invest on their behalf. I hope that these funds will assist them with their retirement planning and alleviate concerns that my father has expressed regarding finances.

Best regards, [DB]

- [38] EB testified that the interest rate was later raised by Rosenthal to 6.59%, and that the term

was reduced from 48 months to 36 months, but that the terms of the promissory note were not documented at the time. EB testified that Rosenthal and Zaretsky each provided a personal guarantee on the investment. EB testified that based on his discussions with Rosenthal, he understood the personal guarantee to mean that, if necessary, Rosenthal and Zaretsky would liquidate their own investments to ensure that EB was repaid.

- [39] Schedule 1 of Abdulnour's Investigator Report (Exhibit 2) includes a chart summarizing the six promissory notes, an abbreviated and redacted version of which appears below:

**' Promissory Notes**  
**For the Period December 1, 2014 to June 30, 2017**

Promissory Note	Date of Investment	Amount in CAD	Annual Interest Rate
PN 1	December 1, 2014	\$ 164,500	6.10%
PN 2	November 28, 2015	35,000	6.10%
PN 3	March 20, 2017	34,885	6.35%
PN 4	March 20, 2017	21,250	6.35%
PN 5	May 3, 2017	59,670	6.50%
PN 6	June 30, 2017	500,000	6.59% / 10%
<b>Total</b>		<b>\$ 815,305</b>	

EB has concerns and demands repayment of the promissory notes

- [40] EB testified that he was initially unconcerned by the lack of documentation of the investment funds he provided to Rosenthal, the fact that he did not know the specifics of how his funds were invested by Rosenthal, and the fact he had not received any interest payments, such was his absolute trust in Rosenthal based on their longstanding friendship and his respect for Rosenthal's investment prowess.
- [41] This situation started to change in 2018, when EB's new financial adviser had questions and concerns about the absence of any documentation of the funds he had provided to Rosenthal over the years. The financial advisor sought information from Rosenthal, but remained uncomfortable with the investments, and in January 2020, she wrote to Rosenthal requesting all of the funds be returned to EB. EB testified that Rosenthal resisted this request, and that when EB and his wife met personally with Rosenthal in February 2020, Rosenthal was reluctant to repay all the money, or to provide details about the nature of the investments he had made with EB's money. EB testified that Rosenthal promised to provide him with documentation in the form of the promissory notes, and that by the end of the meeting Rosenthal did agree to return the funds. However, EB later heard from his son DB that Rosenthal tried to convince him to talk EB into keeping his funds invested with Rosenthal.
- [42] EB testified that although Rosenthal had promised to provide him with documentation of each of the promissory notes, he never did so. He did provide an Excel spreadsheet which set out the details and status of the promissory notes. The schedule is dated July 20,



2020, and is reproduced at Exhibit 1, Tab 4. For each promissory note, the schedule identifies the issue date, rate of interest, original principal amount, accrued interest, and amounts paid back.

- [43] EB testified that the initial focus for him and his financial advisor was to attempt to have Rosenthal return the smaller promissory note amounts, but that it was “like pulling teeth.” There were many conversations and emails, and he, his wife and his son became very frustrated with Rosenthal’s failure to repay the funds as he promised. EB testified that eventually the first five promissory notes were repaid by the end of 2020, but the \$500,000 promissory note remained unpaid.
- [44] EB testified that his frustration with Rosenthal led him to hire a lawyer to assist him with retrieving his funds. His lawyer had several conversations with Rosenthal, and on March 30, 2021, wrote him a letter demanding repayment in full of the debt, including all principal and interest relating to the June 30, 2017 promissory note which was due and payable on June 30, 2020. (Exhibit 1, Tab 15). The letter stated that Rosenthal had made numerous commitments to repay the full amount owing over the previous seven months, including a commitment to repay it by December 31, 2020. The letter referenced a ‘bonus’ interest of 10% per annum which commenced August 1, 2020, confirmed the total amount owing, and confirmed that Rosenthal and Zaretsky repeatedly advised in writing that they personally guaranteed the loan. The letter concluded by advising that legal action would be commenced if payment was not immediately received.
- [45] Rosenthal did not repay EB, and EB instructed his lawyer to commence a lawsuit to recover the funds. The Statement of Claim (Exhibit 1, Tab 7) was dated July 9, 2021, naming Rosenthal, Zaretsky, and RZN as defendants. EB testified that the claim was not defended, and that the defendants were noted in default.
- [46] EB testified that while Rosenthal never disputed his entitlement to be repaid the funds with interest, and notwithstanding extensive efforts by his lawyer to negotiate the repayment, by early 2023 he had still not been repaid.

Rosenthal requires that EB withdraw his complaint

- [47] EB testified that his lawyer was on the verge of finalizing the settlement with Rosenthal in March 2023 when Rosenthal added a further demand – he would only repay the funds if EB withdrew his complaint to CPA Ontario. EB felt this was a threat. EB recounted that Rosenthal had called DB and complained that EB’s actions were ruining him and gave DB the clear message that unless EB withdrew the CPA Ontario complaint, Rosenthal would not repay the funds.
- [48] Exhibit 1, Tab 32 includes an email from Rosenthal to EB’s lawyer, which stated:

This is what is proposed for [EB and his wife] to review, sign and forward to CPA- Ontario up receipt of funds. [sic]

I don’t know how the mechanics would work to ensure CPA Ontario notification, closure, releases and the repayment to mutually satisfy all parties. [emphasis in original]

- [49] Rosenthal included in the email the wording of the message that he proposed EB and his wife sign and provide to CPA Ontario:

To: CPA Ontario:

In July and August, 2021, I made complaints to *CPA Ontario* against John M. Rosenthal, Mark S. Zaretsky, and RZN, LLP, concerning the repayment of a loan made to Mr. Rosenthal and Mr. Zaretsky, and held by RZN, LLP in trust, as a part of a commercial transaction Mr. Rosenthal, Mr. Zaretsky, and I were party to. The commercial transaction took place in 2017.

I have not been a client of Mr. Zaretsky, Mr. Rosenthal, or RZN, LLP since 2009.

I write to confirm that the loan at issue in my complaints has now been repaid. As a result, I no longer wish to pursue my complaints against Mr. Rosenthal, Mr. Zaretsky, or RZN, LLP, and ask that the Professional Conduct Committee consequently conclude the investigation into my complaints without taking further action. Specifically, I no longer maintain that any of Mr. Rosenthal, Mr. Zaretsky or RZN, LLP violated the CPA Code of Professional Conduct in their dealings with me in relation to the repayment of the loan.

[EB]

[EB's wife]

- [50] EB testified that when he contacted CPA Ontario to inquire about how to withdraw his complaint, he was advised that it was not possible to withdraw a complaint once it had been initiated.

Rosenthal makes an additional demand and the action is finally settled

- [51] EB testified that the next month, in April 2023 he again felt the matter was on the verge of being settled when Rosenthal introduced a further complication. Rosenthal said that he had previously made an error in currency conversion, with the result that EB had been overpaid by Rosenthal. Rosenthal wanted to reduce the funds owing to EB by \$53,000 to account for this error. EB testified that he was furious by this action. His lawyer and Rosenthal negotiated the point for several weeks, but EB testified that due to the stress of the situation, the impact on his health, and his age, he ultimately agreed to Rosenthal's demand and settled on Rosenthal's terms.
- [52] EB testified that the final settlement occurred on June 30, 2023, as documented in Tab 27 of Exhibit 1.

Responses to the investigation by Rosenthal, Zaretsky and RZN

- [53] Rosenthal, Zaretsky and RZN retained Stockwoods LLP ("Stockwoods") in respect of the CPA Ontario investigation into the complaint of EB.

- [54] Although Rosenthal and Zaretsky both chose not to testify at the hearing, they consented to the admission into evidence of the Joint Document Brief (Exhibit 1) which included, among other things, the responses to the investigation provided on their behalf by Stockwoods.

*Use of the \$500,000 from EB*

- [55] The initial Stockwoods response of February 14, 2022 (Exhibit 1, Tab 5) indicated that the \$500,000 provided by EB to RZN in trust was invested in a real estate venture. Specifically, the letter stated in part:

The proceeds of the loan were, with [EB's] knowledge, invested in a real estate project. The project in which the funds were invested were [sic] part of a transaction that was initially anticipated to close in the summer of 2020. As a result of market disruptions, and primarily those caused by the COVID-19 pandemic, the transaction failed to close at that time.

In July 2020, when the funds to repay the loan were not yet available, Mr. Rosenthal advised [EB] of this fact and that RZN, LLP was working on other sources to repay the note. At that time, the parties agreed to apply a higher rate of interest of 10% per annum on the loan from August 1, 2020 forward, to account for the inconvenience of the late payment. Mr. Rosenthal and Mr. Zaretsky acknowledged that they both were personally responsible for the loan to provide [EB] with further assurance that the loan would be repaid.

The transaction is now anticipated to close imminently, most likely later in February 2022. When the transaction ultimately closes, the funds will be available to repay [EB], including the interest accrued at both the original rate of 6.59% per annum (up to August 1, 2020) and the amended, 10% rate (from August 1, 2020 on).

Mr. Rosenthal has been the primary contact with [EB] throughout the loan period. He has never denied the loan or the amount of interest accrued, and has repeatedly sent [EB] updated payment schedules indicating the amount of interest accrued, some of which are included in the materials provided by [EB]. The payment schedules list a number of other loans that originated in a similar timeframe and have all since been repaid.

- [56] The Stockwoods response dated April 18, 2022 (Exhibit 1, Tab 9), advised that the real estate transaction expected to close February 2022 did not close but was expected to close May 18, 2022, and that the loan with interest would be repaid upon receipt of the proceeds of the transaction.
- [57] The Stockwoods response dated July 26, 2022 (Exhibit 1, Tab 8) indicated that the sale of the property was in process, and that Rosenthal would repay \$250,000 to EB in the coming days, with the balance paid upon closing of the transaction, expected within the next two months.
- [58] The Stockwoods response dated October 21, 2022 (Exhibit 1, Tab 3) indicated that the real estate transaction did not close, that Rosenthal did not repay \$250,000 to EB, and

that Rosenthal would repay EB in full when the transaction does close.

- [59] When Abdulnour was appointed as the investigator, she requested additional information respecting the use of the funds that EB had provided to RZN in trust.
- [60] The Stockwoods letter dated March 17, 2023 (Exhibit 1, Tab 15) indicated that there was no "RZN Fund" and that EB's funds were invested in a real estate venture controlled by ABC Lands Corporation ("ABC Lands").
- [61] Attached to the letter from Stockwoods to Abdulnour dated April 18, 2023 (Exhibit 1, Tab 16) was a copy of the deposit slip for the \$500,000 provided to RZN in trust as well as the bank statement showing the deposit of this amount into the RZN general account on June 23, 2017.
- [62] By letter dated April 24, 2023 (Exhibit 1, Tab 22) Stockwoods advised Abdulnour that:

Mr. Rosenthal did not withdraw the \$500,000 in funds from [EB] that were deposited in the Firm's trust account in June 2017. Rather, these funds were kept within the Firm as a capital contribution of Mr. Rosenthal.

The funds were subsequently used by the Firm to reduce its facility loan balance, as well as to pay Mr. Rosenthal's future drawings from the partnership.

- [63] Abdulnour testified that in his interview Rosenthal told her that EB's funds were deposited into RZN's business account and were used for the operations of the firm.
- [64] During her testimony, Abdulnour reviewed the June 2017 general account bank statement for RZN and noted that there was \$70 in the account on June 21, there was \$57,917 on June 23 prior to the deposit of EB's \$500,000 on June 23, there was \$557,917 after the deposit of EB's \$500,000 on June 23, and that by the end of the day on June 23, there was only \$197,507 in the account. Abdulnour concluded that whereas the Stockwoods letter of April 24, 2023 stated that the \$500,000 was not withdrawn, the bank statement indicates that a large portion of it was withdrawn the same day it was deposited.
- [65] Abdulnour testified that whereas based on Rosenthal's earlier statements she understood that EB's funds were invested into ABC Lands, the documentation provided by Rosenthal in relation to the ABC Lands shows investments only in Rosenthal's name, with no investments in EB's name. Abdulnour testified that Rosenthal told her that he replaced his funds with EB's funds but that he kept everything in his own name "to make things easier." She testified that Rosenthal told her that he was waiting for the ABC Lands to be sold so that he could repay EB's promissory note.

*Use of EB's funds provided from November 2015 - May 2017 (PN 1-5)*

- [66] Abdulnour testified that she requested and received from the Members information about the deposit and use of EB's funds provided over the period of November 2015 to May 2017 (PN 1-5). The information confirmed that EB's funds were comingled with RZN's business bank transactions.

[67] Abdulnour testified that according to Rosenthal:

- i) PN1 dated Dec. 1, 2014, in the amount of \$164,500 at 6.1% interest per annum was used to lend funds to SL Investments at 8% interest per annum.
- ii) PN2 dated Nov. 28, 2015, in the amount of \$35,000 at 6.1% interest per annum was used to lend funds to MTM at 11.7% per annum.
- iii) PN3 dated Mar. 20, 2017, in the amount of \$34,885 at 6.35% interest per annum was used to lend funds to MTM at 11.7% per annum.
- iv) PN4 dated Mar. 20, 2017, in the amount of \$21,250 at 6.35% interest per annum was used to lend funds to MTM at 8.45% per annum.
- v) PN5 dated May 3, 2017, in the amount of \$59,670 at 6.5% interest per annum was used to lend funds to SL Investments at 12.1% per annum.

[68] EB testified that he had no contemporaneous knowledge of how his funds in PN1 to PN5 were used by Rosenthal and was surprised when he discovered how they had been loaned out to third parties.

[69] Abdulnour testified that she compiled the information she received from Rosenthal about PN 1-6 into Schedule 2 to her Investigator Report (Exhibit 2), a redacted version of which is reproduced below.

#### Use of [REDACTED] Funds

For the Period December 1, 2014 to December 1, 2018

[REDACTED] Funds				Use of [REDACTED] Funds					
Promissory Note	Date of Investment	Amount in CAD	Annual Interest Rate	Date of Loan	Borrower Name	Loan Amount	Annual Interest Rate	Document Brief	
PN 1	1-Dec-2014	\$ 164,500	6.10%	1-Dec-2014	[REDACTED]	\$ 165,000	8.00%	#410.5	
PN 2	28-Nov-2015	35,000	6.10%	1-Dec-2015	[REDACTED]	35,000	11.70%	#410.7	
PN 3	20-Mar-2017	34,885	6.35%	1-Dec-2018	[REDACTED]	35,000	11.70%	#410.8	
PN 4	20-Mar-2017	21,250	6.35%	1-Apr-2017	[REDACTED]	21,250	8.45%	#420.1	
PN 5	3-May-2017	59,670	6.50%	1-Apr-2017	[REDACTED]	60,000	12.10%	#410.6	
PN 6	30-Jun-2017	500,000	6.59% / 10%	-	-	-	-	-	(1)
<b>Total</b>		<b>\$ 815,305</b>							

#### Notes

- <sup>1</sup> These funds were deposited into an RZN business bank account and used by RZN to reduce its facility loan balance and pay Rosenthal's future drawings from the partnership.

#### Admissibility of Rosenthal's Proposed Expert Report

[70] After the PCC closed its case, Rosenthal sought leave from the Panel to call expert evidence. The PCC objected on the basis that Rosenthal had not complied with Rule 10.02 of the *Rules of Practice and Procedure* which required him to notify CPA Ontario of his intention to call an expert witness, as well as provide CPA Ontario with the expert's CV and a summary of the expert's anticipated oral evidence 90 days before the hearing, and provide a copy of the witness' expert report 60 days before the start of the hearing.

- [71] Rule 10.03 provides that evidence not disclosed as required under the Rule may not be introduced as evidence in the hearing, except with leave of the Panel presiding at the hearing. Rosenthal sought leave from the Panel to introduce the evidence.
- [72] Rosenthal sought leave to call an expert witness for the limited purpose of providing an opinion that all funds he received were paid out to EB and no profit was realized. He submitted that this evidence was relevant to refute the testimony provided by Abdulnour in re-examination which suggested that Rosenthal had made a profit on the promissory notes. He submitted that he could not have complied with the notice and production requirements of Rule 10 because he did not know that Abdulnour would provide evidence on this issue until the PCC re-examined Abdulnour.
- [73] The PCC submitted that the Panel should not grant leave, since the proposed expert evidence was not relevant to the Allegations. The PCC submitted that the question of whether or not Rosenthal made a profit on how he handled EB's promissory notes does not relate to any of the Allegations before the Panel. The PCC also emphasized the prejudice that would be caused to the PCC and the extent to which the hearing would be prolonged if the proposed expert evidence was admitted at this stage. The PCC had not been provided an opportunity to review the proposed evidence in advance, and it was likely that EB would need to be recalled to address issues raised in the proposed expert report, such as how the settlement amount in the civil case was calculated.
- [74] In reply, Rosenthal submitted that the PCC would not have taken the time and effort to introduce evidence in re-examination that Rosenthal had profited from the promissory notes had the PCC believed it was irrelevant to the Allegations.
- [75] After deliberation the Panel decided not to grant leave to Rosenthal to introduce the proposed expert evidence. The Panel found that the proposed expert evidence was not relevant to the matters before the Panel, as evidence as to whether or not Rosenthal made a profit from EB's promissory notes was not relevant to the Allegations. This includes the evidence provided by Abdulnour in re-examination, notwithstanding that Rosenthal did not object to this evidence when it was introduced.
- [76] The Panel notes that this decision to deny leave to introduce the proposed expert evidence applies only to the conduct portion of the hearing. The Panel has made no determination as to whether the proposed expert evidence may be relevant and admissible to the sanction portion of the hearing.

*Rosenthal Allegation 1: Findings relating to the Allegation that Rosenthal failed to maintain the good reputation of the profession and serve the public interest contrary to Rule 201.1*

- [77] The Allegation specifies that Rosenthal failed to maintain the good reputation of the profession because he offered investment and lending services through RZN to the public, converted funds intended for investment to his personal use, failed to repay the \$500,000 promissory note when it became due, and required EB to withdraw his complaint as a pre-condition to repaying the promissory note. The Panel found that these underlying facts were established, as set out below.

Rosenthal offered investment and lending services and converted investment funds to his personal use

- [78] The Panel found that Rosenthal offered investment and lending services through RZN to the public. The Panel heard evidence from EB about Rosenthal's offers of investment and lending services and reviewed the email from Rosenthal to EB dated June 2, 2017, in which Rosenthal offered EB the opportunity to invest in a fund in which he said he and Zaretsky were investing. The Panel also heard evidence from Abdulnour about another individual who had provided funds to Rosenthal to invest on his behalf.
- [79] The Panel found that Rosenthal converted funds, intended for investment purposes, to his personal use. The Panel found that EB provided the \$500,000 to Rosenthal for investment purposes, based on EB's clear and consistent testimonial evidence of his intention for providing the funds to Rosenthal, and his understanding of the use to which Rosenthal would put the funds. As set out above, EB understood from Rosenthal that Rosenthal and Zaretsky had a fund that invested in real estate deals which offered a higher rate of interest. The Panel found EB's testimonial evidence to be consistent with the contemporaneous documentation from Rosenthal soliciting the investment.
- [80] The Panel found that rather than invest the funds provided to him by EB, Rosenthal used those funds for his personal use. After initially stating that EB's funds were used to invest in the ABC Lands, Rosenthal's own lawyers later advised Abdulnour that EB's funds were actually used to pay Rosenthal's future drawings from the partnership and were used by RZN to reduce its facility loan balance. The banking statements of RZN revealed that approximately \$360,410 of EB's \$500,000 was removed from the RZN business account the same day it was deposited.
- [81] Notwithstanding Rosenthal's statements that EB's funds were used to replace his own investment in the ABC Lands, the documentation provided by Rosenthal did not evidence any investment held by EB in the ABC Lands. Rosenthal's position that he exchanged EB's funds for his own investment in the ABC Lands but kept the investment in his own name "to make things easier" is effectively an admission that EB's funds were not invested in the ABC Lands but were converted by Rosenthal for his own use.
- [82] The Panel does not accept Rosenthal's apparent position that as long as he repaid EB's funds with the agreed interest, it did not matter what he did with the funds in the interim. The principle that the intention to pay back the funds, or the actual restitution of the funds, is not relevant to a finding of conversion or misappropriation is found in many cases including [McWilliams](#) (2008). In *McWilliams*, the member was entrusted with funds but did not use them as instructed, instead diverting them to his own benefit. The Panel found misappropriation did not require an intent to deprive the lender permanently; the intention to make restitution was irrelevant to the misconduct. That restitution does not constitute a defense to misappropriation is also clear from [Anis](#) (2024) at para. 38 and [Spicer](#) (2020) at para. 35.
- [83] The Panel found that EB intended that the funds be used by Rosenthal to invest in real estate transactions, and that Rosenthal's use of those funds to pay himself partnership withdrawals and to pay down the RZN facility loan constituted conversion of the funds for his own use.

Rosenthal failed to repay the \$500,000 promissory note when it became due and payable

- [84] The Panel found that Rosenthal failed to repay the \$500,000 promissory note when that note became due and payable. The Panel accepted EB's evidence that although the initial email from Rosenthal offered EB an investment opportunity for a four-year term, Rosenthal subsequently revised the term to three years, as he also revised the interest rate from 5.9% to 6.59%. EB's evidence on this point was unchallenged in cross examination. Evidence in support of a three-year term is also found in the Stockwood's letter of February 14, 2022 (Exhibit 1, Tab 5) which stated that the higher rate of 10% was agreed to in July 2020 when the funds to repay the loan were not available, to account for the inconvenience of "the late payment."
- [85] The Panel accepted EB's uncontroverted evidence that he expressed concerns about his investments to Rosenthal in January 2020 and that Rosenthal agreed to return the funds in February 2020. The Panel accepted EB's evidence that notwithstanding his extensive attempts to recover the funds, including retaining a lawyer and commencing a lawsuit, he was not repaid until June 30, 2023, fully three years after the \$500,000 promissory note had become due and payable.

Rosenthal required the withdrawal of EB's complaint as a pre-condition to repay the promissory note

- [86] The Panel found that Rosenthal required the withdrawal of EB's complaint to CPA Ontario as a pre-condition to repayment of the promissory note. The Panel relied on the evidence of EB that the parties were on the verge of finalizing settlement in March 2023 when Rosenthal made a further demand that EB would only be repaid if he withdrew his complaint to CPA Ontario. The Panel relied on Exhibit 1, Tab 32, the email from Rosenthal to EB's lawyer which included the actual wording of the message that Rosenthal wanted EB and his wife to send to CPA Ontario, stating that they were withdrawing their complaint and asking the PCC to take no further action.

These actions by Rosenthal constituted a failure to maintain the good reputation of the profession and serve the public interest

- [87] The Panel found that these actions amounted to a failure by Rosenthal to conduct himself in a manner which maintains the good reputation of the profession and serves the public interest.
- [88] The case law has long been clear that conversion of funds intended for investment, or another purpose, for one's own personal use constitutes a failure to maintain the good reputation of the profession. Examples include [Silverman](#) (1995), where the member solicited funds to be invested in mortgages, but instead used the funds for his own benefit, and fabricated explanations as to why the money could not be repaid. In [Allen](#) (2000), the member took money for one purpose, to make secure investments, and used it for another purpose, to make speculative investments in his own businesses. In so doing he was found to have betrayed the trust placed in him, notwithstanding that he did not benefit financially from the transactions.



- [89] The use of investors' funds for one's own purposes, contrary to the intention of the investors, is conduct which fails to uphold the good reputation of the profession, even if the member's intentions were not dishonest and the investors were not defrauded and did not lose money. In [Sniderman](#) (2018), the member used investors' funds in a manner contrary to the investors' intentions, in some cases converting the funds to his own use on a temporary basis and also failed to secure the investors' funds through proper documentation. The Panel in *Sniderman* found that the member's investors should have been able to trust that their investments would be used only in the manner outlined in the promotional material and that their interests would be properly protected including through maintaining accurate and understandable records. The Panel found that the actions of the member put the good reputation of the profession at risk, notwithstanding that his intentions were to benefit the investors, that none of his actions were found to be dishonest, and the investors were not found to have been defrauded or cheated. The Panel found that the member acted in a cavalier manner with the capital of his investors and needlessly put their funds at risk by not documenting and placing security on their advances. The Panel found at para. 30 that "[i]t is not a relevant fact that there is no evidence of loss to an investor as a result of these transactions."
- [90] The Panel in [Quick](#) (2011) found that "conversion of a client's assets to his own use ... clearly involves moral turpitude." The Panel in [Ryan](#) (2024) held that the good reputation of the profession is undermined by acts of moral turpitude.
- [91] This Panel had no difficulty finding that Rosenthal's conversion of EB's funds for his own purposes as well as his failure to repay the funds when the promissory note became due, constituted a failure to conduct himself in a manner which would maintain the good reputation of the profession and serve the public interest, and constituted professional misconduct. Based on their longstanding professional relationship and friendship, EB trusted Rosenthal so completely that he did not require written confirmation from Rosenthal of the funds he advanced to be invested, or the terms of the investments. Rosenthal took advantage of that trust in using EB's funds for his own personal benefit, and in stringing EB along for a full three years before finally repaying EB the funds he was owed. Rosenthal exploited EB's misplaced trust in his professionalism and friendship. Like in *Allen*, the betrayal of trust occurred whether or not Rosenthal profited from the transactions.
- [92] The caselaw is equally clear that it is impermissible for a regulated professional to attempt to have a complaint withdrawn as a condition of settlement. As set out in [Thompson Family Trust](#) (2011) ONSC 7056:
- [19] ... An agreement to stifle or withdraw from a prosecution in respect of an offence of a public nature is against public policy and illegal, because the effect of it is to take the administration of justice out of the hands of the judges and to put it into the hands of a private individual to determine what is to be done in the particular case.
- [93] The Panel in [Trotter](#) (2021) at para. 49 held that the member's conduct requiring the complainant to withdraw the complaint as a pre-condition of releasing the funds they were entitled to was "self-serving, corrupt and potentially harmful to the administration of justice." This Panel agrees with this characterization and finds that Rosenthal's conduct in this regard constituted a failure to act in a manner that maintains the good reputation of

the profession and serves the public interest.

*Rosenthal Allegation 2: Rosenthal failed to document and administer the handling of the property of EB in accordance with Rule 212.1.*

- [94] Rule 212.1 addresses the handling of trust funds and other property. It requires that a member or firm that receives funds in trust shall manage those funds in accordance with the terms of the engagement, shall retain such records as are necessary to account properly for the funds, and shall keep the funds in a separate trust bank account.
- [95] The Allegation specifies that Rosenthal violated Rule 212.1 by directing the comingling of investors' 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.
- [96] The Panel found that Rosenthal either deposited or directed the deposit of EB's cheque, made out to "RZN LLP in trust", into RZN's general business account. He thereby comingled EB's trust funds, intended for investment purposes, with RZN's general accounts and failed to keep EB's funds in a separate trust bank account.
- [97] The Panel found that Rosenthal failed to document and appropriately retain records relating to EB's six promissory notes. EB testified that he received no written record from Rosenthal setting out the terms of any of the six promissory notes, and Abdulnour testified that during the investigation Rosenthal was unable to produce a contemporaneous record of any of the six promissory notes. Abdulnour testified that the only record Rosenthal produced was the Excel spreadsheet dated July 20, 2020 (Exhibit 1, Tab 4). The Panel accepted the evidence of Abdulnour that this spreadsheet itself contained errors, including that EB received repayment of PN3 with interest in 2018, when in fact EB did not receive this repayment until 2020.
- [98] Rosenthal's failure to document and appropriately retain records extended to RZN's issuance of NR4 slips. NR4 slips are issued by Canadian residents who have paid amounts to non-residents. Abdulnour testified that the NR4 slips were prepared by Rosenthal, and the name of the payer was RZN in trust. Abdulnour's testimony and Investigator Report (Exhibit 2) addressed the errors in the NR4 slips, including that the 2017 NR4 slip issued by RZN reported interest payments to EB that were not actually made by RZN or received by EB in 2017.
- [99] The Panel accepted EB's testimony that he was unaware of the loans made by Rosenthal in relation to the funds he provided in PN 1-5, finding that Rosenthal used EB's funds to make loans to third parties without EB's knowledge or approval. As set out above, the Panel found that Rosenthal used EB's funds related to PN 6 to pay off RZN's facility loan and to cover his RZN partnership withdrawals.
- [100] The Panel held that the above factual findings support the conclusion that Rosenthal failed to document and handle the trust funds of EB in accordance with Rule 212.1, and constituted professional misconduct.

*Rosenthal Allegation 3: Rosenthal failed to take reasonable steps to retain records which reasonably evidenced the nature and extent of the work done in respect of a professional service, namely the failure to retain documents relating to six promissory notes, contrary to Rule 218.*

- [101] Rule 218 requires members to take reasonable steps to maintain information for which they are responsible, and which reasonably evidence the nature and extent of the work done in respect of any professional service.
- [102] As set out above, the Panel found that Rosenthal failed to document and appropriately retain records relating to EB's six promissory notes. The Panel accepted the evidence that there were no contemporaneous documents in the possession of Rosenthal, Zaretsky, RZN or EB setting out the terms of any of the six promissory notes.
- [103] The Panel found that these factual findings support the conclusion that this Allegation was established and that Rosenthal's conduct was contrary to Rule 218, and constituted professional misconduct.

*Zaretsky Allegation 1: Failure 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 Rules and Code*

- [104] This Allegation is based on Zaretsky's failure to document or retain records regarding the \$500,000 provided in trust by EB to RZN, for which he signed a personal guarantee, and his failure to repay the promissory note when it became due and payable.
- [105] The facts underlying this allegation have been established, as set out above. Zaretsky chose not to cross examine either of the PCC's witnesses. Zaretsky's decision to not testify deprived the Panel of directly hearing his position on these issues and his answers under cross-examination. However, the Panel did have the benefit of Abdulnour's testimony and Investigator Report (Exhibit 2) which addressed Zaretsky's responses to the investigation, as well as the submissions made by Stockwoods on Zaretsky's behalf (Exhibit 1, Tabs 3, 5, 8, 9, 13, 15, 16, 18, and 22).
- [106] Zaretsky's professional obligations in respect of the \$500,000 promissory note arose from the fact that the funds were received by RZN in trust, his responsibilities as a partner in RZN to safeguard those trust funds, and the fact that he provided EB with a personal guarantee in relation to the promissory note.
- [107] Abdulnour testified that Zaretsky was RZN's primary bank contact, and that RZN's bank accounts were under his care. Zaretsky would or should have been aware that the \$500,000 was inappropriately deposited in RZN's general account, not the trust account, even if he had not made the deposit himself.
- [108] That Zaretsky provided a personal guarantee for the \$500,000 promissory note was confirmed in the Stockwoods response of February 14, 2022 (Exhibit 1, Tab 5). Abdulnour testified that Zaretsky told her that he provided EB a personal guarantee on the promissory note at the request of Rosenthal. Zaretsky explained that Rosenthal had promised him a share of Rosenthal's gain in his investment in the ABC Lands, and that is why he became involved in providing a personal guarantee to EB's \$500,000 promissory note. In her testimony Abdulnour accepted the characterization that Zaretsky was prepared to underwrite the \$500,000 promissory note based on a promise by Rosenthal of a future gain.

- [109] On the question of why Zaretsky did not himself repay EB the monies owed when the promissory note became due, Abdulnour testified that Zaretsky told her that Rosenthal had assured him that he would take care of it, so he did not offer to pay half of the outstanding funds. Zaretsky also told Abdulnour that Rosenthal had not asked him to pay any portion of the promissory note.
- [110] The facts section above details the lengths that EB had to go through to finally recover his investment funds. It took fully three years after the date the promissory note was due for EB to be paid back his principal with interest, and that result was achieved only after EB's failed attempts at friendly reminders and moral suasion, his eventual engagement of a lawyer, the commencement of a lawsuit, and months of negotiation with Rosenthal. During that entire time, Zaretsky had an outstanding legal commitment to make EB whole. Zaretsky guaranteed the loan with his own personal assets. There was nothing preventing him from personally satisfying EB's claim and then seeking recovery from Rosenthal. He did not deny that EB was entitled to what he was seeking. He did not defend the lawsuit. He simply followed Rosenthal's lead and allowed EB to continue to struggle to try to obtain what he had been promised. The Panel finds that Zaretsky's failure to make good on his personal guarantee when the promissory note became due and payable constituted conduct which failed to maintain the good reputation of the profession and serve the public interest, and constituted professional misconduct.

*Zaretsky Allegation 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.*

- [111] The Panel found that this Allegation was made out based on the facts set out above. Zaretsky did not exercise his own independent judgment but deferred to Rosenthal at every turn, effectively abdicating his professional responsibilities. Zaretsky did not question whether it was proper to allow RZN's general account to be used for trust funds that Rosenthal had solicited for investment purposes, whether it was proper to use such funds to pay RZN's facility loan and Rosenthal's partnership withdrawals, or use EB's funds to make loans to third parties without his knowledge. Zaretsky himself admitted to Abdulnour that his actions and omissions respecting EB's funds were motivated by Rosenthal's offer to provide him a share of the profits from the ABC Lands transaction, and by Rosenthal's assurances that he would take care of repaying EB what he was owed.
- [112] The Panel found that Zaretsky allowed his professional judgment to be compromised by the undue influence of Rosenthal, contrary to Rule 202.2 of the Code, constituting professional misconduct.

## VII. NEXT STEPS

- [113] Having found that the Members engaged in professional misconduct as alleged, the Panel remains seized of the issue of sanction in this matter and directs the Tribunals Office to arrange a hearing on sanction and costs. No later than ten (10) days before the commencement of the sanction phase of the hearing, each party will file with the Tribunals Office, copying the other parties, their updated materials on sanction and costs and a list of witnesses to be called on sanction (if any).

**DATED** this 30<sup>th</sup> day of April, 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