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## **Attorney General Brown Files Embezzlement Charges Against Former State Bar Employee**

OAKLAND – Attorney General Edmund G. Brown Jr. today announced the filing of criminal charges and issuance of an arrest warrant for a former employee of the State Bar of California who had “managed to get away with embezzling” \$675,820 of rent and related payments from businesses that leased space at a building owned by the Bar. The State Bar is a public corporation within the judicial branch of government, serving as an arm of the California Supreme Court, and is the regulatory agency for the state's lawyers, charged with admitting and disciplining attorneys.

**“The defendant managed to get away with embezzling money from right under the noses of her co-workers for years,”** Attorney General Brown said. **“She was responsible for collecting rent from tenants. But instead of turning over the rent to the State Bar, she decided to use the money for a lavish lifestyle.”**

Attorney General Brown filed seven criminal counts of embezzlement and tax evasion today in Alameda County Superior Court against Sharon Elyce Pearl, the Bar’s former Director of Real Property.

In 1999, the Bar acquired an office building at 180 Howard Street, San Francisco, to use as its headquarters. As a result of this acquisition, the Bar inherited tenants who occupied retail space within the building. These tenants would now have to pay the Bar rent for the spaces. As the Director of Real Property, Pearl was responsible for collecting the rent.

Starting in 2000, Pearl devised a plan to embezzle the rental funds. She created invoices directing some tenants to make payments to “PLOT” or “PLOT- The State Bar of California.” Tenants delivered their checks either directly to Pearl or to the front desk of the Bar directed to her attention. Pearl would then take the checks and deposit them to the Oakland bank account of the Piedmont Light Opera Theatre, a non-profit organization that Pearl served. She then transferred the funds to her personal account.

Since the Bar had never acted as a landlord, its finance department had no formal mechanism in place to track the rent payments that it should have been receiving. It also did not have the ability to track any gaps in monthly payments, and it simply deposited whatever checks it received from Pearl without question.

Pearl spent the embezzled money on spa treatments, the purchase of clothes at high end stores, meals in expensive restaurants, and stays in expensive hotels.

On June 13, 2008, Pearl submitted a check request for \$10,800 to return a security deposit. The check was issued by the Bar and delivered to Pearl, but was not cashed. On July 2, 2008, she said the check had been lost in the mail and asked for a new one. Before issuing another check, the Bar reviewed its records and could not find a record of ever receiving a security deposit or rental payments from the tenant.

When the Bar asked Pearl about this, she admitted her complicity in the Bar not receiving rent payments from the tenant, and claimed that it was being scammed. She later dropped that story and claimed that she was being blackmailed by the tenant.

Ultimately, another tenant turned over its version of rent invoices from Pearl. These invoices indicated a full balance due to the Bar for rent and utilities. They were compared to another version of invoices in Pearl's own files, which indicated a zero balance due to the Bar because of a credit for a supposed lump-sum pre-payment. If anyone from the Bar ever asked about rent payments, Pearl could show them her version of the books which indicated the zero balance due. The Bar now had evidence that Pearl was maintaining two sets of books, which suggested embezzlement.

In several cases, Pearl took no action to hide the non-payment or to create a paper-trail to explain her actions. There are simply large gaps in her files in which one would expect to find invoices, check copies, and deposit receipts.

Pearl was terminated on October 3, 2008. She will turn herself in to the Alameda County Sheriff's Department and be booked on \$80,000 bail.

In addition to the embezzlement charges, since Pearl failed to report the stolen funds on her tax returns, she violated California Revenue and Taxation Code section 19706 in that she willfully, and with the intent to evade tax, made and rendered fraudulent tax returns to the Franchise Tax Board.

She could face up to nine years in state prison if convicted of the charges.

Copies of the complaint and arrest warrant declaration are attached.