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ATTORNEY GENERAL OF NEW JERSEY  
Division of Law, 5th Floor  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101

**FILED**  
**BOARD OF**  
**REAL ESTATE APPRAISERS**  
*James S. Hsu 8/7/06*  
**DR. JAMES S. HSU**  
**Executive Director**

By: Susan Carboni  
Deputy Attorney General  
(973)648-2894

**ORIGINAL**  
**ORIGINAL**

STATE OF NEW JERSEY  
DEPARTMENT OF LAW & PUBLIC SAFETY  
DIVISION OF CONSUMER AFFAIRS  
BOARD OF REAL ESTATE APPRAISERS

IN THE MATTER OF THE :  
LICENSE OF :  
:  
JEFFREY R. SMITH :  
RA 373100 :  
:  
TO PRACTICE AS A REAL ESTATE :  
APPRAISER IN THE STATE :  
OF NEW JERSEY :  
\_\_\_\_\_ :

Administrative Action  
CONSENT ORDER

This matter was opened to the New Jersey State Board of Real Estate Appraisers ("the Board") upon receipt of information that respondent pled guilty on April 21, 2005 in Federal Court to having engaged in a Conspiracy to Make False Statements to the Department of Housing and Urban Development , in violation of 18 U.S.C. §371. On November 15, 2005, respondent was sentenced to three years

probation, five months of which included confinement to his home with electronic monitoring, and restitution of \$115,592.75 to HUD (the Department of Housing and Urban Development).

The conduct at issue occurred from December 1, 1998 through June 25, 1999, at a time when respondent was not a licensee of this Board, and consisted of respondent's knowing participation in an agreement to make or use false documents to obtain an FHA (Federal Housing Authority) loan for a buyer or buyers who did not qualify for such loans, on at least one occasion.

Inasmuch as the offense of which respondent was convicted is a disqualifying offense under the Board's enabling statute, on June 13, 2006, respondent appeared before the Board to establish rehabilitation pursuant to N.J.S.A. 45:14F-10.2(c). On the date of his appearance, respondent testified that he has already furnished a total of \$21,000 of the required restitution. Respondent testified that he felt remorse with regard to his conduct, and that he ceased participating in the agreement seven years ago within months of becoming aware of irregularities, and before any investigation of the activity had begun. In addition, he cited his cooperation with federal authorities once the investigation was underway, which resulted in a lenient sentence. Respondent's claims of cooperation and his voluntary cessation of participation in the agreement have been corroborated by government officials.

The Board has considered the rehabilitative factors set forth in N.J.S.A. 45:14F-10.2, and notes that the most important among them in this instance are Factor #1, the nature and responsibility of the position (real estate appraiser); and Factor #2 (the

nature and seriousness of the offense). This is because the offense of which respondent was convicted relates adversely to the appraisal profession, in that it concerns the submission of false documents to obtain a loan. However, the Board found respondent's testimony credible and that his conduct appeared aberrational, and at odds with his basic character. The Board finds that respondent did not initiate the misconduct in which he became involved; that he acquiesced in it briefly, as a result of being caught up in events rather than as a result of a deliberate decision; and that he did make a deliberate decision to cease doing business with the participants of the scheme shortly after it had begun, without any knowledge that the misconduct would be detected. Subsequently, respondent demonstrated his contrition by accepting responsibility for his actions and by providing significant assistance to Federal investigators. The Board further found respondent's character witness, appraiser James Maguire, who vouched for respondent's character, extremely credible. Mr. Maguire had worked with respondent, and acknowledged that he had ceased any working relationship with respondent following the criminal conviction because of the possibility of adverse "public perception," but that he found respondent trustworthy and would consider working with him in the future, in the event respondent remained a Board licensee. The Board further notes that it does not appear that any of the participants in the scheme anticipated that the loans on the properties would not be repaid,<sup>1</sup> and there

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<sup>1</sup> The conduct came to light when a recipient of a loan died unexpectedly, and for

tion that the property or properties involved were overvalued in order to  
s in an amount in excess of that warranted by the value of the property.  
use of respondent's cooperation with authorities, the date of respondent's  
s approximately five years after the date of the criminal conduct. In  
espondent's rehabilitation, the Board therefore considers the years following  
s abandonment of the conspiracy of which he was convicted, and while  
with authorities, rather than simply the time following respondent's  
n light of the above-mentioned credibility findings, the Board finds that  
has established rehabilitation by clear and convincing evidence. The Board  
es that respondent will not engage in similar misconduct in the future.  
is, respondent has been convicted of a crime that relates adversely to the  
of real estate appraising, in violation of N.J.S.A. 45:1-21(g). Consequently,  
protect the public, and ensure that the court-ordered restitution is paid, and  
s the parties desire to resolve this matter without further proceedings,

on this 7<sup>th</sup> day of August, 2006,

ERED and AGREED that:

Respondent's license to engage in real estate appraising is hereby  
for three years, retroactive to November 15, 2005, the date he was placed  

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eased making payments.

on probation for the criminal offense of which he has been convicted; such suspension is to be entirely stayed and served as a period of license probation. In the event that respondent is released from criminal probation earlier than the contemplated three years, respondent may so advise the Board, and request termination of license probation.

2. Respondent is to furnish documentation to the Board that he is regularly complying with the restitution requirement imposed by his sentence by making reasonable payments. Such documentation is to be provided in the form of cancelled checks or receipts or their equivalent every three months, and shall be due on the 15<sup>th</sup> day of September; the 15<sup>th</sup> day of December; the 15<sup>th</sup> day of March; and the 15<sup>th</sup> day of June, beginning in September, 2006, and continuing until the total restitution amount has been satisfied.

3. Throughout the duration of his license probation, respondent is to furnish the Board with a log indicating the appraisal reports he has worked on during the preceding quarter, which log shall include the address of the subject property; the name of the client; the date of the report; and the value conclusion. The logs shall be due on a semi-annual basis, on the 15<sup>th</sup> day of December and the 15<sup>th</sup> day of June. The first such log shall be due on December 15<sup>th</sup>, 2006. This obligation is to continue until respondent's term of license probation is concluded.

4. Respondent is to pay costs to the Board in the amount of \$621.00. Payment is to be in the form of a certified check, money order or attorney trust account check made payable to the State of New Jersey, and shall be forwarded to the attention of Dr. James S. Hsu, Executive Director, Board of ~~Examiners of Electrical Contractors~~, <sup>Real Estate Appraisers</sup>

45032

P.O. Box ~~45006~~, 124 Halsey Street, Third Floor, Newark, NJ 07101, simultaneously with this signed Order.

5. Any failure to comply with the terms of this Order shall, upon notice and an opportunity to be heard, result in revocation or such further disciplinary sanction as the Board deems appropriate.

NEW JERSEY STATE BOARD  
OF REAL ESTATE APPRAISERS



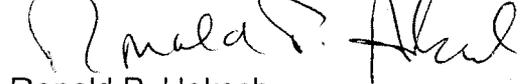
John A. McCann  
President

I have read and understand this Order and agree to be bound by its terms.

Jeffrey Smith 

Date 7-17-06

Consent as to form and entry:



Ronald P. Heksch  
Attorney for respondent

Date 7/17/06