

## WISCONSIN DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES



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STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF DISCIPLINARY  
PROCEEDINGS AGAINST

JEROME R. SHARP,  
RESPONDENT.

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FINAL DECISION AND ORDER

**0005954**

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Division of Legal Services and Compliance Case No. 17 APP 035

The parties to this action for the purpose of Wis. Stat. § 227.53 are:

Jerome R. Sharp  
1112 N. Alvey Street  
Bruce, WI 54819

Wisconsin Real Estate Appraisers Board  
P.O. Box 8366  
Madison, WI 53708-8366

Division of Legal Services and Compliance  
Department of Safety and Professional Services  
P.O. Box 7190  
Madison, WI 53707-7190

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the Real Estate Appraisers Board (Board). The Board has reviewed this Stipulation and considers it acceptable.

Accordingly, the Board in this matter adopts the attached Stipulation and makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent James R. Sharp (DOB September 29, 1967) is licensed by the State of Wisconsin as a Licensed Appraiser, having certificate of licensure number 2134-4, first issued on May 22, 2013 and current through December 14, 2019. Respondent's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 1112 North Alvey Street, Bruce, Wisconsin 54819.

2. On February 8, 2017, Respondent performed an appraisal of a business located at 814 Miner Avenue West, Ladysmith, Wisconsin 54848.

3. On or about June 28, 2017, the Department received a complaint alleging that the subject appraisal violated the Uniform Standards of Professional Appraisal Practice (USPAP). Division of Legal Services and Compliance (DLSC) Case Number 17 APP 035 was subsequently opened for investigation.

4. Respondent's appraisal was reviewed by DLSC and it was determined that the appraisal and appraisal report violated USPAP Rules and/or Standards Rules (SR) as follows:

- a. Respondent failed to clearly identify the asset being valued (real estate or business) and did not consider whether the business was transferrable. [SR 9-1(a-c).]
- b. Respondent omitted key steps in applying the Income Approach, developed a discount rate with little to no basis, and used the wrong databases in developing the Market Approach. [SR 9-1(a-c).]
- c. Respondent failed to identify the intended use of his opinions and conclusions and failed to identify the standard and definition of value and the premise of value. [SR 9-1(b,c), SR 9-2(b,c).]
- d. Respondent failed to identify the specific equity interest being valued, failed to state whether any agreements exist as to the interest in the subject business, and failed to discuss or apply a discount for lack of marketability. [SR 9-2(e)(i-iii,v), SR 9-4(c).]
- e. Respondent failed to adequately disclose the scope of work to be completed for the assignment. [SR 9-2(h).]
- f. Respondent failed to mention any consideration of liquidation value of the subject business. [SR 9-3.]
- g. Respondent failed to complete several key steps under the Income Approach that would have affected his opinion of value and failed to provide adequate analysis and/or discussion for the intended user to understand his method of valuation. [SR 9-4(a).]
- h. Respondent failed to analyze or report the effect on value, if any, of different aspects of the business, market and economics that would affect the value of the subject business. [SR 9-4(b).]
- i. Respondent failed to reconcile the data and approaches used in the development of his appraisal. [SR 9-5.]
- j. Respondent's report lacked information and analysis, contained errors and utilized incorrect application of valuation methods. [SR 10-1(a,b).]
- k. Respondent failed to identify the reporting option he utilized in the appraisal report. [SR 10-2.]

5. In resolution of this matter, Respondent consents to the entry of the following Conclusions of Law and Order.

### CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in this matter pursuant to Wis. Stat. § 458.26, and is authorized to enter into the attached Stipulation pursuant to Wis. Stat. § 227.44(5).

2. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-1(a) through (c) by:

- a. failing to be aware of, understand, and correctly employ those recognized approaches, methods and procedures that are necessary to produce a credible appraisal;
- b. committing substantial errors of omission or commission that significantly affected an appraisal; and
- c. rendering appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affect the credibility of those results.

3. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-2(b) and (c) by:

- a. failing to identify the intended use of the appraiser's opinions and conclusions, and
- b. failing to identify the standard (type) and definition of value and the premise of value.

4. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-2(e)(i-iii) and (v) by, when identifying the characteristics of the subject property that are relevant to the standard (type) and definition of value and intended use of the appraisal:

- a. failing to include the subject business enterprise or intangible asset, if applicable;
- b. failing to include the interest in the business enterprise, equity, asset, or liability to be valued;
- c. failing to include all buy-sell option agreements, investment letter stock restrictions, restrictive corporate charter or partnership agreement clauses, and similar features or factors that may have an influence on value; and
- d. failing to include the extent to which the interest is marketable and/or liquid.

5. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-2(h) by failing to determine the scope of work necessary to produce credible assignments results in accordance with the Scope of Work Rule.

6. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-3 by, when developing an appraisal of an equity interest in a business enterprise with the ability to cause liquidation, failing to investigate the possibility that the business enterprise may have a higher value by liquidation of all or part of the enterprise than by continued operation as is.

7. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-4(a) by failing to develop value opinion(s) and conclusion(s) by use of one or more approaches that are necessary for credible assignment results.

8. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-4(b) by, when necessary for credible assignment results, failing to analyze the effect on value, if any, of:

- a. the nature and history of the business enterprise or intangible asset;
- b. financial and economic conditions affecting the business enterprise or intangible asset, its industry, and the general economy;
- c. past results, current operations, and future prospects of the business enterprise;
- d. past sales of capital stock or other ownership interests in the business enterprise or intangible asset being appraised;
- e. sales of capital stock or other ownership interests in similar business enterprises;
- f. prices, terms, and conditions affecting past sales of similar ownership interests in the asset being appraised or a similar asset; and
- g. economic benefit of tangible and intangible assets.

9. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 9-4(c) by failing to analyze the effect on value, if any, of buy-sell and option agreements, investment letter stock restrictions, restrictive corporate charter or partnership agreement clauses, and similar features or factors that may influence value.

10. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 10-1(a) and (b) by:

- a. failing to clearly and accurately set forth the appraisal in a manner that will not be misleading, and

- b. failing to include sufficient information to enable the intended user(s) to understand the report.

11. By the conduct described in the Findings of Fact, Jerome R. Sharp violated USPAP SR 10-2 by failing to prominently state which option was used in preparing the appraisal report: Appraisal Report or Restricted Appraisal Report.

12. By the conduct described in the Findings of Fact, Jerome R. Sharp violated the USPAP Competency Rule by failing to be competent to perform the assignment.

13. As a result of the above violations, Jerome R. Sharp has violated Wis. Admin. Code § SPS 86.01(1) and (2) and is therefore subject to discipline pursuant to Wis. Stat. § 458.26(3)(b), (c) and (i).

### ORDER

1. The attached Stipulation is accepted.
2. Respondent Jerome R. Sharp is REPRIMANDED.
3. The Licensed Appraiser certificate of licensure issued to Jerome R. Sharp (number 2134-4) is LIMITED as follows:
  - a. Respondent is prohibited from performing any business valuations until he successfully completes 105 hours of education consisting of the following courses offered by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam offered for the courses:
    - i. USPAP for Business Valuations (15 hours) (may be taken in person in a classroom setting or online), and
    - ii. ASA-Business Valuation 201, 202 and 203 (90 hours) (may be taken in person in a classroom setting or online).
  - b. Respondent shall submit proof of successful completion of the ordered education in the form of verification from the institution(s) providing the education to the Department Monitor at the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that have been or may be instituted by the Board or the Department, and also may not be used in future attempts to upgrade a credential in Wisconsin.
  - c. This limitation shall be removed from Respondent's certificate of licensure after satisfying the Board or its designee that Respondent has successfully completed all of the ordered education.
4. Within 90 days from the date of this Order, Respondent shall pay COSTS of this matter in the amount of \$5,616.00.

5. Requests for pre-approval, proof of successful course completion and payment of costs (made payable to the Wisconsin Department of Safety and Professional Services) shall be sent by Respondent to the Department Monitor at the address below:

Department Monitor  
Division of Legal Services and Compliance  
Department of Safety and Professional Services  
P.O. Box 7190, Madison, WI 53707-7190  
Telephone (608) 267-3817; Fax (608) 266-2264  
DSPSMonitoring@wisconsin.gov

6. In the event Respondent violates any term of this Order, Respondent's certificate of licensure (number 2134-4), or Respondent's right to renew his certificate of licensure, may, in the discretion of the Board or its designee, be SUSPENDED, without further notice or hearing, until Respondent has complied with the terms of the Order. The Board may, in addition and/or in the alternative, refer any violation of this Order to the Division of Legal Services and Compliance for further investigation and action.

7. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

by:

Carl Clementi  
A Member of the Board

11/13/18  
Date

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF DISCIPLINARY  
PROCEEDINGS AGAINST

JEROME R. SHARP,  
RESPONDENT.

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STIPULATION

0005954

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Division of Legal Services and Compliance Case No. 17 APP 035

Respondent Jerome R. Sharp and the Division of Legal Services and Compliance, Department of Safety and Professional Services, stipulate as follows:

1. This Stipulation is entered into as a result of a pending investigation by the Division of Legal Services and Compliance. Respondent consents to the resolution of this investigation by Stipulation.

2. Respondent understands that by signing this Stipulation, Respondent voluntarily and knowingly waives the following rights:

- the right to a hearing on the allegations against Respondent, at which time the State has the burden of proving those allegations by a preponderance of the evidence;
- the right to confront and cross-examine the witnesses against Respondent;
- the right to call witnesses on Respondent's behalf and to compel their attendance by subpoena;
- the right to testify on Respondent's own behalf;
- the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
- the right to petition for rehearing; and
- all other applicable rights afforded to Respondent under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.

3. Respondent is aware of Respondent's right to seek legal representation and has been provided an opportunity to obtain legal counsel before signing this Stipulation.

4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.

5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division



of Legal Services and Compliance for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

6. The parties to this Stipulation agree that the attorney or other agent for the Division of Legal Services and Compliance and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.


7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Legal Services and Compliance joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
Jerome R. Sharp, Respondent

1112 N. Alvey St.  
Bruce, WI 54819  
Credential no. 2134-4

11/06/2018  
Date

  
Sarah E. Norberg, Attorney  
Division of Legal Services and Compliance  
P.O. Box 7190  
Madison, WI 53707-7190

11.7.18  
Date