

1                   **BEFORE THE COMMISSION OF APPRAISERS OF REAL ESTATE**  
2                                   **STATE OF NEVADA**

3 SHARATH CHANDRA , Administrator, )  
4 REAL ESTATE DIVISION, )  
5 DEPARTMENT OF BUSINESS AND )  
6 INDUSTRY, )  
7 STATE OF NEVADA, )

8                                   Petitioner, )

9                                   vs. )

10 CRAIG E. JIU )  
11 (License No. A.0002330-CG), )

12                                   Respondent. )

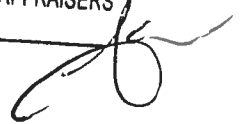
Case No. 2016-4145 & AP 17.021.S

**COMPLAINT AND NOTICE OF**  
**HEARING**

**FILED**

SEP - 6 2018

NEVADA COMMISSION OF APPRAISERS



13                   State of Nevada, Department of Business and Industry, Real Estate Division (“the  
14 Division”), by and through counsel, Attorney General ADAM PAUL LAXALT and Deputy  
15 Attorney General PETER K. KEEGAN, hereby notifies CRAIG E. JIU (“Respondent”) of  
16 an administrative hearing which is to be held pursuant to Chapter 233B and Chapter  
17 645C of the Nevada Revised Statutes (“NRS”) and Chapter 645C of the Nevada  
18 Administrative Code (“NAC”). The purpose of the hearing is to consider the allegations  
19 stated below and to determine if the Respondent should be subject to a disciplinary  
20 penalty as set forth in NRS 645C and or NAC 645C, if the stated allegations are proven at  
21 the hearing by the evidence presented.

22                                   **JURISDICTION**

23                   The Respondent is a Certified General Appraiser licensed by the Division, and  
24 therefore, is subject to the Jurisdiction of the Division and the provisions of NRS and  
25 NAC Chapter 645C. By availing himself of the benefits and protections of the laws of the  
26 State of Nevada, the Respondent has submitted to the jurisdiction of the Division.

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1 FACTUAL ALLEGATIONS

2 1. The Respondent is currently licensed by the Division as a Certified General  
3 Appraiser, License No. A.0002330-CG. Respondent was first issued a license on June 11,  
4 1996 and reinstated on July 1, 2008.

5 2. On or about December 8, 2016, the Division received a complaint/statement  
6 of fact asserting that the Respondent had completed an appraisal in violation of several  
7 provisions of the Uniform Standards of Professional Appraisal Practice (“USPAP”).

8 3. Respondent was engaged to conduct a of a Real Estate Damages Analysis  
9 (“Damages Analysis”) for the property located at 590 Lairmont Place, Henderson, Nevada  
10 89012, APN 178-27-218-003 (“590 Lairmont”) by analyzing the nature, quality, value, or  
11 use of the property, and offered an opinion as to the nature, quality, value or use of the  
12 property for or with the expectation of compensation.

13 4. The opinion contained in the Damages Analysis concerned the impact of a  
14 detrimental condition, further identified as a Class V: Detrimental Condition.

15 5. The effective date of the Damages Analysis was May 15, 2013.

16 6. The date of transmittal on the Damages Analysis was November 25, 2014.

17 7. The intended use of the Damages Analysis was litigation.

18 8. Respondent’s work file did not contain an engagement letter for the  
19 Damages Analysis, thereby precluding a full scope of work analysis by the Division.

20 9. The Scope of Work identified in the Respondent’s Damages Analysis fails to  
21 (1) identify the problem to be solved; (2) determine and perform the scope of work  
22 necessary to develop credible assignment results based upon the problem identified; and  
23 (3) fully disclose the scope of work in the report.

24 10. 590 Lairmont was originally listed on March 13, 2013, for \$2,160,000, but  
25 closed with an “all cash” sale price of \$2,303,000 on May 15, 2013, after 13 days on the  
26 market.

27 11. The Respondent failed to identify or analyze the ownership history or recent  
28 sales of 590 Lairmont as of the effective date of the appraisal.

1           12.    The Damages Analysis accepted the "As Is" (unimpaired value) expressed in  
2 the expert appraisal report completed by Valbridge Property Advisors with an effective  
3 date of May 15, 2013, and a cited value opinion of \$2,500,000.00 under an Extraordinary  
4 Assumption.

5           13.    The real property, commonly known as 594 & 598 Lairmont Place, to the  
6 east of 590 Lairmont were vacant at the time of sale.

7           14.    The Damages Analysis failed to clearly disclose the application of the  
8 hypothetical condition that the vacant real property to the east had been expanded by the  
9 acquisition of an additional 14,858 sq. ft. of land with accompanying plans to develop a  
10 larger custom home.

11          15.    As of the effective date, the purchase of additional parcel had not closed and  
12 the owners of the real property adjacent to the east of 590 Lairmont had not completed  
13 their plans to develop.

14          16.    The Damages Analysis failed to recognize that borrowed views across  
15 adjacent properties are not guaranteed in perpetuity by laws or any agreement in this  
16 case.

17          17.    The Damages Analysis failed to identify permissible landscaping as a  
18 possible obstruction of the borrowed views.

19          18.    Respondent is not trained in statistical analysis or experienced in generating  
20 surveys.

21          19.    The Damages Analysis used the wrong borrowed view corridor and applied  
22 the same incorrect view corridor to the survey.

23          20.    The Damages Analysis failed to include paired sales or any sales data  
24 analysis to support a 30 to 40% value loss.

25          21.    The Damages Analysis presupposed loss in value to 590 Lairmont and  
26 applies bias to the survey results.

27          22.    The Damages Analysis survey results are not supported by transactional  
28 data.



1 **Second Violation**

2 By engaging in unconventional survey analytics without the proper training and  
3 statistical analysis, Respondent violated the USPAP Competency Rule, as codified in  
4 NAC 645C.405(1). Respondent was not competent in the area of survey analysis and  
5 failed to obtain the necessary training to competently perform the survey of real estate  
6 professionals undertaken as part of the Real Estate Damage Analysis. The Respondent's  
7 actions constitute unprofessional conduct, pursuant to NRS 645C.470(2) and grounds for  
8 disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

9 **Third Violation**

10 By engaging in the Real Estate Damage Analysis of 590 Lairmont Place and failing  
11 to perform the assignment with impartiality, objectivity, independence, and without  
12 accommodation of personal interests, Respondent demonstrated bias and appeared to  
13 advocate for the interest of his clients. Furthermore, Respondent failed to promote and  
14 protect the public trust inherent in appraisal practice. Respondent thereby violated the  
15 USPAP Ethics Rule, as codified in NAC 645C.405(1). The Respondent's actions constitute  
16 unprofessional conduct, pursuant to NRS 645C.470(2) and grounds for disciplinary action  
17 pursuant to NRS 645C.460(1)(a) and/or (b).

18 **Fourth Violation**

19 By failing to conduct a thorough analysis of comparable sales or use other methods  
20 to evaluate transactional level data in support of the survey results, the Respondent  
21 failed to be aware of, understand, and correctly employ the recognized methods and  
22 techniques that are necessary to produce a credible market value appraisal, or  
23 retrospective Damages Analysis. As a result, the Respondent violated USPAP Rule 1-1(a),  
24 as codified in NAC 645C.405(1). The Respondent's actions constitute unprofessional  
25 conduct, pursuant to NRS 645C.470(2) and grounds for disciplinary action pursuant to  
26 NRS 645C.460(1)(a) and/or (b).

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1 **Fifth Violation**

2 By focusing on the lack of disclosure regarding imminent and known changes to the  
3 adjacent lot that impacted the subject views and privacy of 590 Lairmont as of the  
4 retrospective effective date, the Respondent approach to valuation presupposed damages  
5 and reflected bias, thereby leading to errors which significantly affected the appraisal. As  
6 a result, the Respondent violated USPAP Standards Rule 1-1(b), as codified in NAC  
7 645C.405(1). This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds  
8 for disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a)  
9 and/or (b).

10 **Sixth Violation**

11 By conducting and evaluating a survey of real estate professionals without  
12 adequate training, Respondent acted in a careless or negligent manner, causing the  
13 Damages Analysis to contain a series of errors that, although individually might not have  
14 significantly affected the results of the appraisal, in the aggregate did affect the  
15 credibility of the appraisal, and therefore Respondent violated USPAP Standards Rule 1-  
16 1(c), as codified in NAC 645C.405(1). The Respondent's actions constitute professional  
17 incompetence pursuant to NRS 645C.470(3) and grounds for disciplinary action pursuant  
18 to NRS 645C.460(1)(a) and/or (b).

19 **Seventh Violation**

20 In developing the Damages Analysis, the Respondent failed to clearly disclosed the  
21 application of hypothetical conditions necessary in the assignment and thereby violated  
22 USPAP Standards Rule 1-2(g), as codified in NAC 645C.405(1). The Respondent's actions  
23 constitute professional incompetence pursuant to NRS 645C.470(3) and grounds for  
24 disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

25 **Eighth Violation**

26 The Respondent committed a violation of NRS 645C.480(1)(a) and NAC 645C.440  
27 by failing to produce, upon demand, any document, book, or record in his or her  
28 possession or under his or her control after being requesting to do so by the Division as

1 part of its investigation of a complaint. Specifically, the Respondent failed to provide a  
2 copy of the engagement letter in this matter. Respondent's actions constitute  
3 unprofessional conduct pursuant to NRS 645C.470(2) and grounds for disciplinary action  
4 pursuant to NRS 645C.460(1)(a) and/or (b).

#### 5 Ninth Violation

6 By failing to support the value conclusion, which was based upon a survey of  
7 realtors, with available market or sales comparison data, the Respondent failed to  
8 reconcile the applicability or suitability of the approaches used to arrive at the value  
9 conclusions. As a result, the Respondent violated USPAP Standards Rule 1-6(a) and 1-  
10 6(b), as codified in NAC 645C.405(1). The Respondent's actions constitute professional  
11 incompetence pursuant to NRS 645C.470(3) and grounds for disciplinary action pursuant  
12 to NRS 645C.460(1)(a) and/or (b).

#### 13 Tenth Violation

14 By failing to clearly and adequately disclose and explain the application of a  
15 hypothetical condition to the Damages Analysis, the Respondent failed to communicate  
16 the analysis, opinion, and conclusion in a manner that was not misleading. As a result,  
17 the Respondent violated USPAP Standards Rule 2-1(a) and Rule 2-1(c), as codified in  
18 NAC 645C.405(1). The Respondent's actions constitute unprofessional conduct pursuant  
19 to NRS 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a)  
20 and/or (b).

#### 21 DISCIPLINE AUTHORIZED

22 1. Pursuant to NRS 645C.460(2), if grounds for disciplinary action against an  
23 appraiser are found to exist for unprofessional conduct, the Commission may revoke or  
24 suspend the certificate, place conditions upon the certificate, deny the renewal of his or  
25 her certificate, and/or impose a fine up to \$10,000.00 per violation. NRS 645C.480(1)(a) is  
26 identified as an additional act of unprofessional conduct.

27 2. Additionally, under NRS Chapter 622.400, the Commission is authorized to  
28 impose the costs of the proceeding upon the Respondent, including investigative costs and

1 attorney's fees, if the Commission otherwise imposes discipline on the Respondent.

2 3. Therefore, the Division requests the Commission to impose such discipline as  
3 it determines is appropriate under the circumstances and to award the Division its costs  
4 and attorney's fees for this proceeding.

5 **PLEASE TAKE NOTICE** that a disciplinary hearing has been set to consider this  
6 Administrative Complaint against the above-named Respondent in accordance with  
7 Chapter 233B and Chapter 645C of the Nevada Revised Statutes and Chapter 645C of the  
8 Nevada Administrative Code.

9 **THE HEARING WILL TAKE PLACE** at the Commission meeting scheduled  
10 for October 9, 10, and 11, 2018, beginning at approximately 9:00 a.m. each day, or  
11 until such time as the Commission concludes its business. The Commission  
12 meeting will be held at the Nevada State Business Center, 3300 W. Sahara  
13 Avenue, Nevada Room, Suite 400, Las Vegas, Nevada 89102, with  
14 videoconferencing to the State of Nevada, Department of Business and  
15 Industry, Division of Insurance, 1818 East College Parkway, 1st floor Hearing  
16 Room, Carson City, Nevada 89706.

17 **STACKED CALENDAR:** Your hearing is one of several hearings that may  
18 be scheduled at the same time as part of a regular meeting of the Commission  
19 that is expected to take place on October 9-11, 2018. Thus, your hearing may be  
20 continued until later in the day or from day to day. It is your responsibility to  
21 be present when your case is called. If you are not present when your case is  
22 called, a default may be entered against you, and the Commission may decide  
23 the case as if all allegations in the complaint were true. If you need to negotiate  
24 a more specific time for your hearing in advance, because of coordination with  
25 out of state witnesses or the like, please call Samiel Williams, Commission  
26 Coordinator, at (702) 486-4606.

27 **YOUR RIGHTS AT THE HEARING:** Except as mentioned below, the hearing is an  
28 open meeting under Nevada's open meeting law and may be attended by the public. After



1 the evidence and arguments, the Commission may conduct a closed meeting to discuss  
2 your alleged misconduct or professional competence. A verbatim record will be made by a  
3 certified court reporter. You are entitled to a copy of the transcript of the open and closed  
4 portions of the meeting, although you must pay for the transcription.

5 As the Respondent, you are specifically informed that you have the right to appear  
6 and be heard in your defense, either personally or through your counsel of choice. At the  
7 hearing, the Division has the burden of proving the allegations in the complaint and will  
8 call witnesses and present evidence against you. You have the right to respond and to  
9 present relevant evidence and argument on all issues involved. You have the right to call  
10 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any  
11 matter relevant to the issues involved.


12 You have the right to request that the Commission issue subpoenas to compel  
13 witnesses to testify and/or evidence to be offered on your behalf. In making this request,  
14 you may be required to demonstrate the relevance of the witnesses' testimony and/or  
15 evidence. Other important rights you have are listed in NRS Chapter 645C, NRS  
16 Chapter 233B, and NAC Chapter 645C.

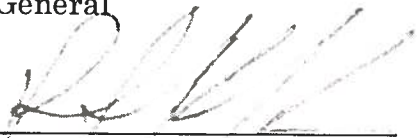
17 DATED the 6 day of September 2018.

DATED the 6th day of September 2018.

18 NEVADA REAL ESTATE DIVISION

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Attorney General

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