

## THE TAX WINDFALL

**How a new assessment program boosted profits for companies while draining your wallet**

*By Susanne Cervenka*

### CHAPTER ONE

*'They're out of their frickin' minds.'*

**M**onmouth County's embattled new property appraisal system — signed into law amid claims it would eventually bring “true tax reform” to New Jersey — has become a multimillion-dollar money machine for some private companies, including one run by a now-former county tax commissioner who helped create the program.

These companies won contracts for the new system, called the Assessment Demonstration Program, or ADP, through a complex web of personal and business relationships, and clauses in bid requirements that stymied competition.

For taxpayers, it has become effectively a double assault on their wallets: they not only have to endure new assessments that lead to unexpected, higher property tax bills, they are now paying millions of dollars to implement the program across 48 towns of the county's 53 municipalities.

At its outset, ADP was touted as a way to save the county's 211,000 homeowners millions of dollars through an assessment method that would take place every year, rather than once every several years. Gone would be the imbalance in the tax rolls where some houses are over-taxed and others under-taxed because of shifting sale prices.

Instead, ADP has caused a backlash from outraged homeowners who have seen their tax payments jump by astronomical rates overnight, some as high as 35 percent.

The new ADP law effectively gave the county and local towns the power to extract \$26 million more last year from all homeowners — all without exceeding the 2 percent property tax cap that lawmakers and the governor have heralded the last four years. A

property owner who receives a higher assessment ends up paying more in taxes, even if the town's tax rate stays the same. The same tax rate takes a bigger dollar bite out of more expensive property.

In fact, many Monmouth County towns bragged that they lowered their tax rates, yet homeowners here paid an average of \$124 more in property taxes this year.

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## Who's who in Monmouth County's new tax assessment program



**Matt Clark** is Monmouth County's tax administrator. He created the Assessment Demonstration Program (ADP) and wrote most of the law that created the pilot program. He is overseeing its roll out in the county.

**Daniel Kelly** was a Monmouth County tax board commissioner from 2005 to 2013. He became an owner of Realty Data Systems four months after his final tax board meeting.

**Michael Panter** is Kelly's childhood friend and one of the original three owners of Realty Data Systems, the company that is receiving much of the revaluation business related to ADP.

**Neil and Steven Rubenstein** own Realty Appraisal Company, which has won 85 percent of the revaluation work in Monmouth County. They started Realty Data Systems with Panter in February 2013.

**William FitzPatrick** is Wall Township's municipal tax assessor. He is a part owner of Value Added Systems, a subcontractor for Realty Appraisal Company.

**Scott Imbriaco** is Tinton Falls' municipal tax assessor. He is a part owner of Value Added Systems, a subcontractor for Realty Appraisal Company.

**George Snedden** is Matt Clark's father-in-law. He is co-owner of Value Added Systems with FitzPatrick and Imbriaco.

**Value Added Systems, LLC** takes photographs of buildings for Realty Appraisal Company. Value Added is owned by FitzPatrick, Imbriaco and Snedden.

**Realty Data Systems, LLC** was created by the Rubenstein brothers and Panter, with Kelly later being named as an owner. It has won the majority of the inspection contracts under ADP.

**Realty Appraisal Company, LLC** is the Rubenstein brothers' property appraisal company. It has won all but two of the revaluation contracts required under ADP.

## *Hard Hit*

Those who saw higher tax bills were hit much harder. For two-thirds of homeowners, representing 141,000 properties, their average local tax bill rose by 7 percent, or \$507, according to a Press analysis of 2015 and 2014 tax roll data. The average property tax across the county is \$8,581 — \$420 higher than the state average of \$8,161 last year.

In a state with the highest average property taxes in the nation, such sticker shock is pushing local voters to the edge of tolerance.

Moreover, because of ADP, taxpayers have to appeal every year if they want to fight back against unfair assessments. There used to be three years of protection from new assessments for homeowners in most cases.



Larry Medich of Middletown won a tax appeal in 2014. The next year his property value spiked by more than 30 percent. Press photo by Doug Hood

“I think I’m getting screwed all around,” said Larry Medich, 58, an information technology worker and a Middletown homeowner whose property taxes spiked from \$7,800 in 2014 to \$10,100 this year, solely because of his new, higher assessment. “They’re out of their frickin’ minds.”

Medich spent about \$430 on an appraisal and legal fees to appeal his \$419,800 assessment to the county tax board last year. He won a \$1,200 tax cut. Under the old system, his assessment would have been frozen for three years. However, with ADP, he

gets a new assessment each year — and has to fight an unfair assessment annually if he wants to keep the hard-won tax cut from 2014.

That's time and money Medich said he can't afford.

Assemblyman Sean T. Kean, R-Monmouth, voted for ADP but has since changed his mind about its effectiveness.

“It's extremely vague and gives a lot of discretion to the county tax (board's) office,” Kean said. Taxpayers are shocked that they have little recourse because ADP is operated by unelected officials on the tax board, he said. He has introduced a bill that would allow Monmouth County's elected freeholders to take the county out of ADP.

The county entered ADP through a vote of the seven-member tax board, which is appointed by the governor.

The bill is a long shot. It is sitting in committee and Kean is the only sponsor in a legislature controlled by Democrats.

## C H A P T E R   T W O

### *Ethics Questions*

**A** DP's birth took most of the last decade, but was finally signed into law in 2013 by Gov. Chris Christie.

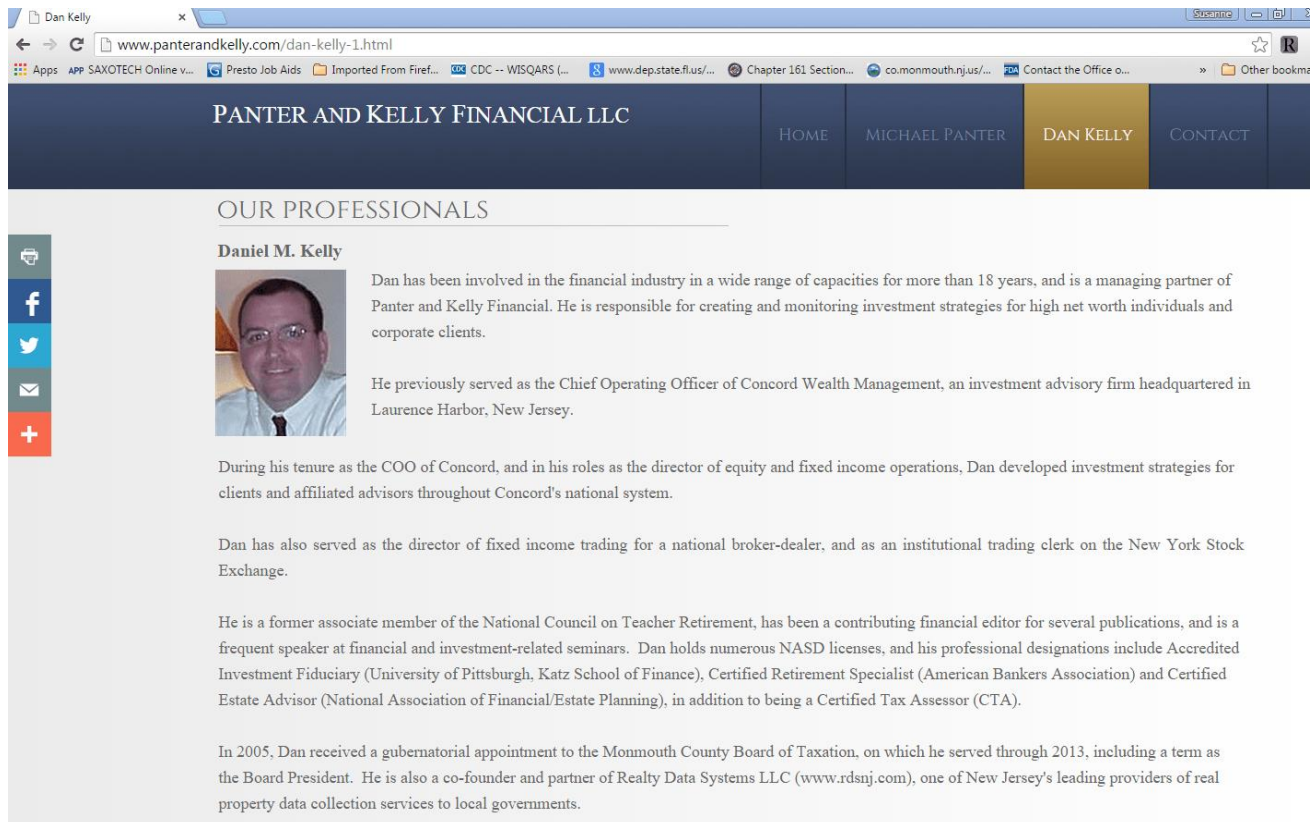


ADP is the brainchild of Tax Administrator Matthew S. Clark, tax officials say, but Clark said it was a collective effort. Monmouth County is the test site for the new law. No other county has adopted it, but Clark has promoted it across the Garden State by

Matthew Clark, Monmouth County tax administrator in his office at the Hall of Records in Freehold. Press photo by Thomas P. Costello

saying the nearly real-time assessment system was the future. It will be “true tax reform” for the entire state, Clark said.

At the forefront of ADP’s collective birth effort was county tax board commissioner Daniel M. Kelly.



The screenshot shows a web browser window displaying the website for Panter and Kelly Financial LLC. The browser's address bar shows the URL [www.panterandkelly.com/dan-kelly-1.html](http://www.panterandkelly.com/dan-kelly-1.html). The website's navigation menu includes links for HOME, MICHAEL PANTER, DAN KELLY (which is highlighted in gold), and CONTACT. Below the navigation is a section titled "OUR PROFESSIONALS" featuring a profile for Daniel M. Kelly. The profile includes a headshot of a man with glasses and a white shirt, a social media sidebar with icons for Facebook, Twitter, and email, and several paragraphs of text describing his professional background. The text mentions his 18+ years in the financial industry, his role as COO of Concord Wealth Management, and his previous service on the Monmouth County Board of Taxation from 2005 to 2013.

Former Monmouth County Tax Board President Dan Kelly is shown on the homepage of the Realty Data Systems in Tinton Falls.

Kelly, a member of the tax board from 2005 through 2013 and a one-time board president, made the enabling motion and voted to approve the pilot program in 2010, according to tax board minutes. He also voted with the county tax board to buy nearly \$200,000 in software and computer equipment to test ADP. Later, he voted to buy iPads to test data collection for the Assessment Demonstration Program, the minutes show.

The day after Christie signed ADP into law on Feb. 4, 2013, Realty Data Systems LLC, of Tinton Falls, was created. Its sole purpose was to collect data from real estate inspections due to ADP, according to founding member and managing partner Michael J. Panter, a former Democratic Monmouth County assemblyman in the mid-2000s. He now has no declared political affiliation, according to voting records.

Realty Data won jobs from 21 Monmouth municipalities undergoing the ADP reassessments, totaling \$2.5 million from February 2013 to March 2014.





Realty Data Systems partner Michael Panter in 2006 when he was an assemblyman.

Kelly was not reappointed to the tax board by Christie, and his last tax board meeting was Nov. 13, 2013. Exactly four months later, on March 13, 2014, Kelly became a member in Realty Data, according to state corporation records and Panter.

Panter said the two men have been friends since childhood. “We saw it as an asset” to bring Kelly into the firm, Panter said. There are two other members in the firm, Neil and Steven Rubenstein, who own a revaluation firm that has been granted millions of dollars in public contracts.

After Kelly joined Realty Data, the company took on another \$1.1 million in contracts from 14 additional towns.

Total amount of contracts won by Realty Data due to ADP: \$3.6 million.

Panter, a tax appeal attorney, said forming the new firm was essential to keeping his business viable.

“This really represents a significant hit to their model,” Panter said of ADP’s impact on the business of tax appeal lawyers. “The millions of dollars taxpayers stand to save come out of the pockets of revaluation firms and attorneys.”

ADP is mandatory for the 53 Monmouth County towns. As part of the process, towns hired an inspection firm to examine homes and provide information to the assessor, who in turn set the homes’ assessed value. Just five towns — Atlantic Highlands, Belmar, Keansburg, Oceanport and Spring Lake — have yet to go out to bid for ADP work.

Under New Jersey’s ethics laws, a board member is barred for life from representing any entity other than the Monmouth County Tax Board on any matters that he was “substantially and directly involved” with during his time on the board, according the New Jersey Ethics Commission.

What exactly constitutes “substantially and directly involved” is evaluated by the ethics commission on a case-by-case basis, according to the commission.

“The Commission typically reviews such factors as whether the individual had supervisory responsibility, provided input, submitted reports, signed contracts on behalf of the agency, attended meetings, approved applications, had access to

confidential information, or was directly involved in decision making,” the commission told the Press in an unsigned email. The commission spoke in generalities and did not address any individual.

Paula Franzese, a Seton Hall law professor and one of the country’s leading experts in ethics law, said more facts are needed to determine if Kelly had any conflicts.

If he had influence in creating the program, it could raise questions about his company’s role now in ADP, Franzese said.

Clark, the tax administrator and creator of the pilot program, confirmed that Kelly played a key role in developing the program.

But Kelly was absent from a June 19, 2013, meeting when the Tax Board ordered how towns would move ahead under the pilot program. That meeting outlined what towns would undergo municipal-wide revaluations and how others would implement the annual inspections that are a part of the program.

Kelly declined to be interviewed.

Panter, who said he was speaking for the firm and Kelly as their lawyer, said that the state’s revolving door law, or ethics law, which prevents government officials from profiting from their actions in the private sector, has no bearing on Kelly.

“Dan is in full compliance and his position at RDS is clearly permitted by the (ethics) commission,” said Panter, who spearheaded a statewide ethics reform movement while he was in the Assembly. “In our case, RDS does no work on any specific case/proceeding that Dan was involved with while on the Board. Although Dan would actually be permitted to handle RDS bids that were before the Board, obviously our bids are not – all of them are on the municipal level, and public/competitive processes.”

## C H A P T E R   T H R E E

### *28 Percent Tax Hike*

**S**cott Rast’s stomach sunk as he flipped over the postcard that revealed his home’s new property value in Lake Como.

Rast’s eyes darted across the numbers on the page while his brain, practiced from a lifelong career as an insurance agent, did the quick math. The postcard showed a \$129,000 increase in his home’s value, up more than a quarter over last year. He estimated his tax bill would jump by \$2,000 to \$3,000.

He was on the mark. When his town and school district finalized their tax rates this summer, he saw his property taxes jump 28 percent, from \$8,415 to \$10,804.

“I could go lease a nice Mercedes or a Lexus for that money. I drive a Toyota,” said Rast, 58. “I have to spend my money wisely because I have to eat. I have to pay my mortgage.”

Rast appealed to the county tax board in 2014, but ended up with a Pyrrhic victory. It knocked his assessment down from \$550,000 in 2013 to \$495,000 in 2014.

However, in 2015, his new assessment under ADP was placed at \$624,000. He appealed and it was reduced to \$592,000 – but still \$97,000 more than just a few months ago.

After tackling his second property appeal in three years, Rast said he’s done fighting.

“It’s like playing poker,” Rast said. “They play bluff and most people fold... It’s almost like extortion.”

He plans to put the home up for sale, where he estimates he’ll get anywhere from \$530,000 to \$550,000, about \$50,000 less than its stated tax value. He and his wife may rent for a while until they plan their next move. It’s not lost on Rast that his property tax was just \$1,000 when he moved in in 1987.

“I’ve lived here 25 years. I put a lot of sweat equity into this house,” said Rast, who needed stitches twice from home renovations. “I’m being taxed out of this house.”

## C H A P T E R   F O U R

### *Father-in-law Connection*

**W**hy ADP?

Many taxpayers are wondering why the county needed to switch to such a radical new system, but tax administrator Clark said it was simple math.

He calculated that once the initial assessments were completed, towns would save \$6 million in tax assessment costs in the coming decade. The average town spends \$70 per property to set a tax value every 10 years. Under ADP, that cost would drop to \$20 every five years.

Here’s how it works, under the plan mostly devised by Clark:

In the first year, local towns may hire a private firm, like Kelly and Panter’s Realty Data Systems, to inspect 20 percent of the homes in the town. The municipal assessor uses that information along with recent property sales to revise values for all home. The assessor is trying to determine what a home is worth as of Oct. 1 of the prior year. If a home is valued at \$300,000 and it sells for \$300,000 that year, the assessor has made the correct estimate.



Of the 20 percent of homes inspected, state policy now requires that the field inspectors actually enter more than half of the homes to get an idea of what is inside – how many bedrooms, bathrooms and how nice the kitchen looks.

The process is repeated the next year for another 20 percent of the town. This goes on for five years, and then starts over again.

One wrinkle comes when a town's value is wildly out of whack with the real estate market. In 19 Monmouth County towns, their values were so skewed that another type of firm had to be called in to do the heavy lifting. In this case, it – not the municipal assessors – does the math. The firm inspects all the homes in the town and then calculates the market value for the assessor. That is called a revaluation.

In Monmouth County, just one company has 17 of the 19 revaluation contracts now in force – Realty Appraisal Co., of West New York. Those contracts are worth \$4.7 million.

The company has been in business since 1934, but its two main shareholders joined with Panter to create Realty Data Systems in 2013. The shareholders of Realty Appraisal are brothers Neil and Steven Rubenstein, according to corporation records.

Realty Appraisal won more than 85 percent of the most recent revaluation contracts in Monmouth County, according to a Press review of state Department of Treasury records. Realty Appraisal's winning 46 of 53 revaluation contracts is a higher success rate than any other firm in other New Jersey counties, but one. The only exception is Gloucester County, which awarded a countywide revaluation contract to one firm under its own test tax program.

Neil Rubenstein agrees his company has a "strong percentage" of the revaluation work here, but said that came about because of the firm's decades-long history in Monmouth County, its knowledge of the area and a concerted effort to use that experience to win business here.

"It's just the way it has played out over the years and by virtue of our firm trying to work in that county," he said.

Between the two companies, they have nearly all the appraisal and revaluation contracts locked up in Monmouth County for a total of \$8.4 million.

How did this happen?

Two clauses in the boilerplate contracts drafted by the county tax office under Clark's supervision prompted allegations of favoritism by competitors: The winning contractor must have an office within Monmouth County, and that only one type of software, MicroSystems, must be used.

Realty Data Systems and Realty Appraisal, with an office in the same building with Realty Data Systems, met both of those criteria.

There is another connection between Realty Appraisal and Clark: Clark's father-in-law, George Snedden, is a co-owner of Value Added Systems of Wall. Its registered office is listed as the home of Wall's municipal assessor, William FitzPatrick.

Value Added Systems' job is to take photos of the outside of houses under appraisal.

Value Added Systems is a contractor for Realty Appraisal, which has 17 local revaluation contracts, according to Clark and Scott Imbriaco, a co-owner of Value Added and a municipal assessor in three Monmouth towns.

Neil Rubenstein said it is the only company his firm uses to take photos. In 2012 and 2013, Realty Appraisal spent a combined \$193,099 on revaluation photos, according to financial documents submitted to towns.

Imbriaco said he and FitzPatrick decided at the start of the company they would not take photos in towns where they were assessors.

"We took into account the potential for conflict of interest," he said.

Clark said he sees no problem with the relationships between Value Added System, Snedden and other local assessors who work for Value Added.

"What's really important, to me really important, is that the solution we have moving forward (the pilot program) does away with that (photographer) job," Clark said. That eventually helps lower the price of reassessments, he said.

Rubenstein said his companies — Realty Appraisal and Realty Data Systems — no longer use Value Added for its work in Monmouth County. But Value Added is taking photographs for the revaluation Realty Appraisal is doing in Roselle Park in Union County.

Wall Administrator Jeff Bertrand did see a problem with his assessor, FitzPatrick, having a side business that did work for Realty Appraisal Company, the firm that won a \$715,000 contract in September 2013 to do Wall's revaluation. Bertrand said he told FitzPatrick not to conduct private business with Realty Appraisal.

Bertrand said in his opinion, "It would not be proper. It does not pass the smell test. I'm not an attorney, but I can tell you it should not continue."

As of Sept. 21, FitzPatrick was listed as an owner of Value Added Systems.

## Monmouth County tax change

The Assessment Demonstration Program was supposed to bring the 250,000 properties in the county in line with current market values. Here is ADP impact in the past year:

- Cost \$8.4 million in taxpayer money for the hiring of private assessment firms to review homes
- Raised the property tax payments for two-thirds of homeowners, for an average of \$506 per home
- Raised an additional \$26.3 million for local towns and the county through higher assessments
- Hiked property taxes by 20 percent or more for 6,295 property owners

## C H A P T E R F I V E

### *'I won't go near the place anymore'*

Vital Communications Inc., based in Trenton, used to do revaluations in 11 Monmouth County towns, including Wall, company vice president Tracey Timony said. Vital also sells appraisal software. State records show the company has done about 8.5 percent of the most recent revaluations in New Jersey.

The work for Vital began to dry up as those 11 towns hired new assessors and switched to the competing MicroSystems software.

Monmouth County's bid specifications for MicroSystems made Vital ineligible to bid on any work, Timony said.

Charles Femminella, head of Randolph-based Certified Valuations Inc., also used to do revaluations in Monmouth County. However, he said he won't bid here anymore because of his experience with Asbury Park and ADP.

"I won't go near the place anymore. I got a taste of it," he said of the county.

Certified Valuations won the contract for Asbury Park's revaluation in 2009.

Then the delays started. The state Division of Taxation, which has to sign off on revaluation contracts, would not do so until the city's tax maps were updated. By the time that occurred, ADP had started as a business.

Femminella said the city and the Monmouth County Tax Board tried to add additional work to the contract without increasing the value.

"They pushed us the hell out by procrastinating for three years," he said.

Femminella said he had to lay off employees after his firm lost the contract. Certified Valuations, a small appraisal firm, did not bid on other jobs because it expected to be too busy with Asbury Park's revaluation for other contracts, he said.

Asbury Park eventually dropped Certified and went with Realty Appraisal, which inspected every home in the city in 2014.

## C H A P T E R   S I X

### *More Competition*

One town didn't like the county's boilerplate contract and scratched out the requirement that the winner bidder must have an office within Monmouth County.

Manasquan officials revamped the boilerplate request for proposal specifications it received from the county's tax office and eliminated provisions that they felt weren't necessary for their town. It ended up with a competitive bid that came in lower than what Realty Appraisal offered.

"We didn't feel it was an overriding factor to have an office locally. Our intent was to try to increase the competitiveness of the contract," Borough Administrator and CFO Joseph DeIorio said.

The borough sent its proposal to the nine vendors who were pre-approved to conduct revaluations by the state Department of Treasury, DeIorio said.

Appraisal Systems' bid of \$181,535 was about \$28,000 less than the proposal from Realty Appraisal Company.

## C H A P T E R   S E V E N

### *'Penalize' the Homeowner*

Some municipal assessors have expressed concerns to each other about the volume of work they are getting back from Panter and Kelly's Realty Data Systems. Public emails obtained by the Press through open records laws showed municipal assessors were grouching that Realty Data Systems wasn't inspecting enough properties.

The low inspection rate forced Freehold Township's municipal assessor, Michael Imbriaco, to manually update data for more than 1,000 properties because no inspections were done, he told colleagues in emails. He also had to change data for other properties using real estate listings because he disagreed with the company's inspector,

he stated. Michael Imbriaco — brother of Scott Imbriaco — directly linked more than 100 tax appeals in 2015 to the low inspection rates, according to his emails.

In an interview, Michael Imbriaco said he does not fault Realty Data Systems for the low inspection rate, but said the assessors have to work harder to educate homeowners about the importance of the inspections.

“Clearly I would prefer that more are inspected,” he said. “I can’t make someone go into their house.”

The emails show that Monmouth County’s assessors were trying to find a way to do just that.

Their solution: Tell homeowners if they don’t let us in, they will get a higher assessment.

The emails show that the assessors looked at adding an automatic increase to assessments, up to 20 percent, when homeowners didn’t let inspectors enter the home.

“I would love to be at the Council meeting during an election year where the assessor stands up and says, ‘Yes, we penalize everyone who doesn’t let us in,’” wrote Brian Enright, the tax assessor in Spring Lake.

The assessors association voted unanimously to approve the assessment boost idea as the best way to proceed against recalcitrant homeowners.

## C H A P T E R   E I G H T

### *Angry Reaction*

**T**he boos and catcalls filled the Covered Bridge clubhouse in Manalapan on a cool August night.

Tax administrator Clark and municipal assessor Alex Worth sat before 400 irate taxpayers from the sprawling 1,800-unit complex for residents 55 and older.

The two tax mavens wanted to explain the finer points of ADP, why it was a benefit to the town and county.

The residents weren’t listening. All they wanted to know was why their taxes went up 18 percent overnight.





Covered Bridge resident Chuck Roden questions tax officials during a meeting at the community's clubhouse in Manalapan Wednesday, Aug. 19. Press photo by Thomas P. Costello

Chuck Roden, 69, saw the property tax on his 1,000-square-foot ranch jump from \$2,900 to \$3,500 a year. He works part time, but most of his neighbors are on Social Security and fixed incomes.

“They are getting hammered every which way,” he told the officials. “I don’t know what world you are living in, but it is not the same as the rest of the people living in Covered Bridge.”

Clark and Worth held firm. They told the residents they had saved money in past years because they had been under assessed. As a result, they were not paying their fair share of taxes to the town, schools and county. That had now been fixed.

“I have to follow the letter of the law,” Worth told the restless audience. “I have to do what is right.”

Clark told the crowd that their bills are correct. The tax values are supported by the recent sales in Covered Bridge, he said.

The old system kept assessments the same every year, but that wasn’t necessarily what property owners were supposed to be paying, he said.

“You’re getting the impression you’re being taxed the same way,” Clark said. “ And that can’t be further from the truth.”

Resident Robert Berman was unconvinced. The property tax, he said, was putting unfair choices before senior citizens.

“It just isn’t fair,” he said. “It’s getting so they can’t afford their medication.”

*Susanne Cervenka: 732-643-4229; scervenka@gannettnj.com.*

## Towns served subpoenas

### Monmouth County entities ordered to produce records in tax pilot program

By **Susanne Cervenka**

*Nov. 18, 2015*

**S**everal Monmouth County towns were served grand jury subpoenas in connection to a criminal investigation into the county's embattled property tax pilot program.

At least three towns, as well as the Monmouth County government, received the orders to produce records related to the embattled Assessment Demonstration Program, local property assessors and Monmouth County Tax Administrator Matthew S. Clark, several independent sources told the Asbury Park Press. They include Avon, Belmar and Tinton Falls, but other towns were expected to receive them.

Public outrage boiled over after a Press investigation published last month found that a former Monmouth County Tax Board member who helped create the program is now a managing member of Realty Data Systems, which has won millions in contracts to conduct the inspections that are signature to the program. The newspaper also found another firm, Realty Appraisal Co., which has won millions in contracts to appraise property under the program, had previously hired as subcontractors municipal assessors who are supposed to oversee their work.

Clark and attorneys representing Realty Data Systems could not be reached for comment. Philip Elberg, the attorney for Realty Appraisal, said he was not aware of the subpoenas and could not comment.

The subpoenas asked for all "records associated with Realty Appraisal Company, Realty Data Systems" and three other firms involved with municipal contracts. It also asked for all emails and correspondence to or from Monmouth County Tax Administrator Matthew Clark.

The subpoenas were signed by Monmouth County Prosecutor Christopher Gramiccioni, and the trial court administrator of the Superior Court in Freehold. Charles Webster,

spokesman for Gramiccioni, said the prosecutor's office does not comment or confirm investigations.

### **Lawsuit authorized**

**T**he assessment pilot program, which radically changes how the county places values on property for tax purposes, began drawing detractors as property owners started getting new, higher property assessments. The furor increased as those new assessments translated into higher property tax bills.

In the wake of the investigation, Monmouth County freeholders and at least eight towns have called for the pilot program to be suspended while issues raised by the Press investigation were further reviewed. Those requests were rebuffed by the Monmouth County Tax Board, which oversees the ADP, whose members said the pilot program is being besmirched by "allegations and innuendo."

Avon recently authorized a lawsuit against the Tax Board asking the town to be let out of the program. That lawsuit is still being prepared.

Meanwhile, Wall is scrutinizing its \$715,000 contract with Realty Appraisal Co. to ensure work is being done properly. The township temporarily suspended the contract because Realty Appraisal was months behind a court-ordered schedule, a fact that township officials say their municipal assessor may have helped hide because he was working with the appraisal firm.

Middletown canceled its \$555,506 contract with Realty Data Systems, one of the companies at the center of the Press investigation, saying it can do a better job keeping the work in-house with part-time employees.

# Inside tax info given to bidder

By **Susanne Cervenka**

*Read all the emails at the end of this story*

*Nov. 22, 2015*

**T**he government emails sought by a grand jury investigating Monmouth County's new tax program show that confidential internal communications were shared with a private vendor before it won a major contract, an Asbury Park Press investigation found.

Months before Realty Appraisal Co. won a \$560,000 revaluation contract with Ocean Township, a key member in the private company received emails from Monmouth County Tax Administrator Matthew S. Clark about the township's preparations for the work, according to the government emails obtained by the Press.

The information was passed along in May 2014 by Clark to Neil Rubenstein, a principal in Realty Appraisal Co. in West New York, the emails show, about five months before Ocean put out bids for the costly taxpayer-funded review of all property in the town.

Some emails were forwarded to the company in as little as 30 minutes after Clark received them, the documents showed.

The emails are some of the key documents the grand jury and Monmouth County Prosecutor's office is seeking with subpoenas they issued this week to the Monmouth County government and at least three municipalities.

The criminal probe comes after a Press investigation in October raised questions about the relationship between Clark, local assessors and five companies - Realty Appraisal, Realty Data Systems, Value Added Systems, GW Municipal Services II and GS Municipal Services.

The 284 pages of emails reveal a relationship between Clark and Rubenstein, whose company in recent years has won nearly nine out of 10 municipal contracts to appraise properties in Monmouth County even before the new Assessment Demonstration Program, or ADP, began.



In the emails, Clark shared with Rubenstein information he had sent to other government officials about the pilot program, contract updates he received from assessors and critiques he gave assessors about their work.



Monmouth County Tax Administrator Matthew Clark. Press photo

Clark declined an interview, saying he would only respond to the Press if it submitted written questions to him. The Press does not submit questions ahead of interviews. Rubenstein's attorney declined to comment.

**Rubenstein responds: [Realty Appraisal didn't need insider information](#)**

Township officials contacted for this story said they never knew their internal communications with Clark - who is overseeing implementation of the ADP - were passed to a potential bidder.

The 53 towns in Monmouth County are under orders by the county Tax Board to reassess all properties to meet the mandates of the ADP program. The new law is supposed to ensure all properties are valued fairly so there is no longer wide disparities in property tax payments. In order to meet this new mandate, dozens of towns, including Ocean, have hired private revaluation firms to inspect each home.

One competing company said the emails raise questions about the relationships between government and business.

"The playing field is not quite level," said Ernest Del Guercio, owner of Appraisal Systems Inc., a firm that has done more than 30 percent of most recent revaluation contracts in New Jersey.

Details contained in the emails, released in a public records request to the Press, would not have given a revaluation firm an economic edge to come up with a lower bid price, Del Guercio said. Rather it would have helped a firm know that there was revaluation work available — information Del Guercio claims is hard to find in Monmouth County.

"It would help us know a town is contemplating a revaluation and indicate to them our availability and desire to do the work," Del Guercio said. "It would be useful information in planning the amount of work we take."

Del Guercio's firm did not bid on Ocean Township's revaluation, but has submitted proposals in other Monmouth County towns, winning work in the small towns of Manasquan and Lake Como, which have 3,312 and 1050 parcels, respectively. Realty Appraisal was the sole firm to submit a bid in Ocean Township, which has 9,690 parcels.

The Press' October investigation found questionable relationships between Clark's father-in-law, municipal assessors and companies winning a majority of the contracts under the ADP pilot project, Rubensteins' Realty Appraisal and Realty Data Systems, another firm he co-owns with a former tax commissioner who helped set up the program.

### **Ocean Township - No delays tolerated**

**O**n May 14, 2014, at 9:59 a.m., Clark shot off a five-paragraph email to several assessors that boiled down to this: No delays will be tolerated in the Assessment Demonstration Program. Start working now on maps needed for the work.

Assessor Ed Mullane, one of the targets of the missive, emailed Clark updates on the progress for his three towns, Bradley Beach, Lake Como and Ocean Township. Lake Como and Ocean Township were still months away from going out to bid on revaluations contracts ordered under the new pilot program, but Mullane had already started the work on the maps, that showed blocks, lots of each parcel. Such maps are critical for a successful revaluation.

By 11:15 a.m., Clark had forwarded each update from Mullane to Rubenstein of Realty Appraisal Co., the future winner of the Ocean bid.

"Wow," said Ocean Township Mayor Christopher P. Siciliano when informed of the emails. "Is that something that's concerning? Yeah, 100 percent. We think we're putting out RFP's (request for proposal, a form of a bid request) in good faith." The bid was also publicly advertised.

## **Spring Lake Heights - Questions about cost**

**T**wo months later, in July 2014, Spring Lake Heights Council members scanned their meeting documents about the upcoming revaluation and had questions for their staff. At issue was approving a contract with Tinton Falls-based Realty Data Systems, a property inspection firm co-owned by Rubenstein's Realty Appraisal Co.

Was RDS' proposal the best for the borough? How do the prices compare to other towns? And why is this program being forced upon us? the council members asked each other and the borough staff.

The next afternoon, borough Administrator Jay Delaney typed a one-paragraph email to his assessor, Mitch Elias, explaining the concerns that led the council to table the \$50,402 contract proposal.

Delaney's email made its way to Clark, who sent a lengthy response. He suggested two alternative options: Monmouth County could contract the work to a vendor and bill the town.

"The second option is far more troubling to the taxpayers," Clark wrote. "(I)f Spring Lake Heights does not begin the '5-year, 20% annual internal inspection program' in 2014, it will be required to implement a complete revaluation before beginning the program."

Such an order would cost Spring Lake Heights' taxpayers tens of thousands of dollars more, as a nearby town discovered. Brielle, which has about as many parcels as Spring Lake Heights, spent \$159,000 on its revaluation.

The next morning, Clark forwarded the email thread to Neil Rubenstein, a part owner of Realty Data Systems. Rubenstein did not respond by email, the documents showed.

A month later, Spring Lake Heights approved the \$50,400 contract with Realty Data Systems.

When asked for this story how he saw the email exchange, Delaney said, "I did not interpret it to mean if the (local) inspection program was not initiated, we would be ordered to do a reval. My recollection was that the county Tax Board could direct the inspections be done with them and we would be billed for them."

## **Fair Haven's inspection issues**

**T**he emails released also show Fair Haven officials expressed concerns about the results of Realty Data Systems' work in 2014. Under the contract, RDS was supposed to inspect about a fifth of the town in the first year, both the interior and exterior. But the company managed to enter only 56 percent of the total homes it was supposed to review that year.

Fair Haven Administrator Theresa Casagrande emailed Clark, Rubenstein, and the two principals in RDS stating that RDS only entered 198 of the 450 homes.

"As such, we will be paying you \$4,158.00, without the benefit of the assurance that we have an accurate property record card for these 198 properties." That is about half of the \$9,177 RDS was owed under the contract.

Casagrande told the Press recently that Realty Data Systems has not begun the borough's 2015 inspections. RDS' total contract for three years is \$27,531.

RDS' attorney, Josh Bauchner, said the firm did complete 100 percent of the exterior inspections last year and plan to use "helpful suggestions" Casagrande offered regarding interior inspections for this year. Notices about those inspections are going out to property owners this week, he said.

"I think a lot of this is people not understanding the program and not understanding the terms of the contract," Bauchner said. "If you look at the percentages, RDS is performing above and beyond. I have yet to see anything to the contrary. Any benchmarks they have either hit or exceeded."

Meet the man behind Monmouth County's pilot tax program -- the Assessment Demonstration Program -- billed as "true tax reform." And find out which former tax commissioner is getting most of the bids to assess your property.

## **Criticizing assessors**

**E**mails Clark originally sent to municipal assessors critiquing their work also made their way to Rubenstein, the documents obtained by the Press showed.

On Nov. 5, 2014, Clark emailed Marlboro Tax Assessor Rene Frotton after she did not revise values on almost 5,000 properties in the township. Clark sent the initial email directly to Frotton, but the public records show Rubenstein responded back to Clark about the message.

Rubenstein wrote in the email that he heard some "grumbling" from assessors on how his firm designated neighborhoods when it set property values, but that Marlboro's neighborhoods were clear cut. Frotton could not be reached for comment.

"Could it have been any easier to review them?" Rubenstein wrote.

"She simply did NOTHING - and (I'm) not having it -," Clark replied to Rubenstein about Frotton.

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