

SUPREME COURT OF NEW JERSEY  
Disciplinary Review Board  
Docket No. DRB 02-363

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IN THE MATTER OF :  
 :  
STANLEY J. HAUSMAN :  
 :  
AN ATTORNEY AT LAW :  
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Decision

Argued: December 19, 2002

Decided: May 2, 2003

Richard J. Engelhardt appeared on behalf of the Office of Attorney Ethics.

Respondent waived appearance for oral argument.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of New Jersey.

This matter was before us based on a motion for final discipline filed by the Office of Attorney Ethics (“OAE”), following respondent’s guilty plea to all four counts of a federal information charging him with structuring monetary transactions to avoid reporting requirements, in violation of 31 U.S.C. 5313(a), 31 U.S.C. 5322(b), 31 U.S.C. 5324(a)(3) and 18 U.S.C. 2.

Respondent was admitted to the New Jersey bar in 1970. He was temporarily suspended on February 9, 1999, following his guilty plea. In re Hausman, 157 N.J. 158 (1999). He remains suspended to date. He has no other disciplinary history.

On January 22, 1999, respondent appeared before the Honorable Stephen M. Orlofsky, U.S.D.J., and entered his guilty plea. At that time, the court elicited the factual basis for the plea:

The Court: During 1994, did you maintain an attorney trust account at First Fidelity Bank, NA, First Fidelity, in Caldwell, New Jersey, account number 7114017086?

The Defendant: Yes.

The Court: During 1994, did you maintain an attorney trust account at Broad National Bank, BNB, in Livingston, New Jersey, account number 590006890?

The Defendant: Yes.

The Court: During 1994, did you maintain a joint account with your wife at Summit Bank, Elizabeth, New Jersey, account number 0004428560?

The Defendant: Yes.

The Court: During 1994, did you maintain a personal bank account at First Fidelity, Caldwell, New Jersey, account number 8170002103?

The Defendant: Yes.

The Court: During 1994 and 1995, did you represent James E. Felton, Junior, Cynthia Ramsey, QEM Enterprises, Inc., QEM, and what is that, Nobe?

The Defendant: Nobe.

The Court: Nobe Construction Company, Inc.?

The Defendant: Yes.

The Court: On or about May 16, 1994, did you loan QEM \$40,000 by writing a check drawn on your attorney trust account at First Fidelity?

The Defendant: Yes.

The Court: On or about July 1, 1994, did you receive approximately \$34,000 in cash as partial repayment of the 40 thousand dollar loan?

The Defendant: Yes.

The Court: Was this money sent by Cynthia Ramsey?

The Defendant: Yes.

The Court: Did you thereafter deposit and cause to be deposited the \$34,000 in such a manner to prevent the banks from filing reports of the cash deposits?

The Defendant: Yes.

The Court: Specifically, on or about July 1, 1994, did you deposit \$8,000 in cash into your attorney trust account at First Fidelity?

The Defendant: Yes.

The Court: Did you then make another 8 thousand dollar cash deposit into this attorney trust account on July 7, 1994?

The Defendant: Yes.

The Court: On the next day, July 8, 1994, did you give your law partner \$9,000 in cash, instruct him to deposit the cash into his personal account at BNB and then direct him to write a check to the law firm for the same amount?

The Defendant: Yes.

The Court: Did you then deposit that check into the attorney trust account at First Fidelity?

The Defendant: Yes.

The Court: On that same day did you also give your secretary \$9,000 in cash to deposit?

The Defendant: Yes.

The Court: Did you instruct her to deposit the cash into her personal back account at Hudson City Savings Bank?

The Defendant: Yes.

The Court: And then direct her to write a check to the law firm for the same amount?

The Defendant: Yes.

The Court: Did you then deposit that check into the attorney trust account at First Fidelity?

The Defendant: Yes.

The Court: On or about August 31, 1994, did you loan QEM \$65,000 by writing a check drawn on your attorney trust account at First Fidelity?

The Defendant: Yes.

The Court: Between on or about September 1, 1994, and on or about September 12, 1994, did you receive approximately \$64,000 in cash as partial repayment of the 65 thousand dollar loan?

The Defendant: Yes.

The Court: Was this money sent by Cynthia Ramsey?

The Defendant: Yes.

The Court: Specifically, on or about September 1, 1994, did you deposit \$8,000 in cash into your attorney trust account at First Fidelity?

The Defendant: Yes.

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The Court: All right, Mr. Hausman, let's return to the September 1994 repayment of the QEM 65 thousand dollar loan. Did you receive proceeds repaying that loan during the month of September, 1994?

The Defendant: Yes, Judge.

The Court: Do you recall in what amounts you received proceeds?

The Defendant: Not specifically amounts, but they were always in less than the ten thousand dollar sum.

The Court: Okay. Were you repaid the entire \$65,000 - -

The Defendant: Yes.

The Court: - - in September 1994?

The Defendant: Yes, Judge.

The Court: All right. And each payment, each repayment of that loan was in an amount less than ten thousand dollars?

The Defendant: That's correct, Judge.

The Court: Were those payment [sic] made in cash?

The Defendant: Some were made in cash, the majority of those were made in cash.

The Court: All right. With respect to those payments, all of which were less than ten thousand dollars, into what account did you deposit each payment?

The Defendant: Into the trust account.

The Court: Into your attorney trust account?

The Defendant: Yes.

The Court: But you don't recall how many of those payments were in cash or how many of them were by check?

The Defendant: I don't recall offhand, Judge. There were a number of different payments. The records, I believe, that have been submitted to the government all indicate and are accurate in terms of what was received, the manner in which they were received.

The Court: Mr. Clark [Assistant United States Attorney].

Mr. Clark: Again, your Honor, unfortunately, I apologize to the court, I'm just unable to shed any light on that at this time.

The Court: Well, at least some of those payments, repayments of the 65 thousand dollar QEM loan were in cash, were they not?

The Defendant: I believe the majority were, yes, Judge.

The Court: All right, the majority were.

The Defendant: Yes.

The Court: All right. With respect to those cash repayments, did you make cash deposits into your attorney trust account knowing that in doing so you would prevent the bank from filing a report on these cash deposits you made?

The Defendant: Yes, Judge.

The Court: On or about January 25, 1995, did you lend QEM \$30,000 by writing a check drawn on your attorney trust account at BNB?

The Defendant: Yes, Judge.

The Court: Between January 26, 1995 and February 7, 1995, did you receive \$28,000 in cash from QEM as partial repayment of this loan?

The Defendant: Yes, Judge.

The Court: Was that money sent to you by Cynthia Ramsey?

The Defendant: Yes, sir.

The Court: On or about January 26, 1995, did you deposit \$8,000 in cash into your attorney trust account at BNB?

The Defendant: Yes, Judge.

The Court: On or about January 30, 1995, did you receive and deposit \$8,000 in cash into your attorney trust account at BNB?

The Defendant: Yes, Judge.

The Court: On or about February 6, 1995, did you receive and deposit \$9,000 in cash into your attorney trust account at BNB?

The Defendant: Yes.

The Court: On or about February 7, 1995, did you receive and deposit \$3,000 in cash into your attorney trust account at BNB?

The Defendant: Yes.

The Court: Did you make these cash deposits, the ones I've just alluded to, knowing that in so doing you would prevent the bank from filing a report of these cash deposits?

The Defendant: Yes.

The Court: On or about March 10, 1995, did you lend QEM \$22,230 by writing a check drawn on your attorney trust account at BNB?

The Defendant: Yes.

The Court: Between March 13, 1995 and March 17, 1995, did you receive \$19,330 in cash from QEM as partial repayment of this loan?

The Defendant: Yes, Judge.

The Court: Was this money sent to you by Cynthia Ramsey?

The Defendant: Yes.

The Court: On or about March 13, 1995, did you receive and deposit \$7,230 in cash into your attorney trust account at BNB?

The Defendant: Yes.

The Court: On or about March 15, 1995, did you receive and deposit \$7,100 in cash into your attorney trust account BNB?

The Defendant: Yes.

The Court: On or about March 17, 1995, did you receive and deposit \$5,000 in cash into your attorney trust account at BNB?

The Defendant: Yes.

The Court: Did you make these cash deposits that I've just described knowing that in so doing you would prevent the bank from filing a report of these cash deposits?

The Defendant: Yes.

The Court: At the time you made the foregoing cash deposits you just alluded to, did you know that your structuring conduct was unlawful?

The Defendant: Yes.<sup>1</sup>

[Exhibit B to the OAE's brief at 16 to 19 and 26 to 30]

At sentencing on July 21, 2000, Judge Orlofsky ordered respondent to be imprisoned for a term of fifteen months and, upon his release from imprisonment, to be placed on supervised release for a term of two years. Respondent was also fined \$5,000.<sup>2</sup>

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<sup>1</sup> During the criminal proceeding, respondent and his counsel stressed that, although respondent commingled personal and client funds in his trust account, at no time did he loan client funds or place any client funds at risk. The OAE is conducting a separate investigation on this issue.

<sup>2</sup> Prior to imposing sentence, Judge Orlofsky had to decide whether respondent believed that the funds received in repayment of his loans were the proceeds of unlawful activity. Judge Orlofsky concluded that "he knew or believed that the funds were proceeds of an unlawful activity." Since respondent was not convicted of money laundering, however, we have restricted our findings to the record before us.



The OAE urged us to impose a three-year suspension, retroactive to February 9, 1999, the date of respondent's temporary suspension.

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Following a de novo review of the record, we determined to grant the OAE's motion for final discipline.

The existence of a criminal conviction is conclusive evidence of respondent's guilt. R.1:20-13(c)(1); In re Gipson, 103 N.J. 75, 77 (1986). Respondent's guilty plea to four counts of structuring monetary transactions to avoid reporting requirements constituted a violation of RPC 8.4(b) (commission of a criminal act that reflects adversely on his honesty, trustworthiness or fitness as a lawyer). Only the quantum of discipline to be imposed remains at issue. R.1:20-13(c)(2); In re Lunetta, 118 N.J. 443, 445 (1989).

The level of discipline imposed in disciplinary matters involving the commission of a crime depends on numerous factors, including the "nature and severity of the crime, whether the crime is related to the practice of law, and any mitigating factors such as respondent's reputation, his prior trustworthy conduct, and general good conduct." In re Lunetta, supra, 118 N.J. at 445-446. Discipline is imposed even though an attorney's offense was not related to the practice of law. In re Kinnear, 105 N.J. 391 (1987).

In urging a three-year suspension, the OAE relied on two cases where the attorneys' illegal activities were similar to respondent's, In re Chung, 147 N.J. 559 (1997), and In re Khoudary, 167 N.J. 593 (2001). In Chung, the attorney pleaded guilty

to a federal information charging him with receiving over \$10,000 in cash in a transaction and failing to file a report of the transaction, as required by law. In determining to impose an eighteen-month suspension (“time-served”), we took into account the attorney’s prior unblemished seventeen-year career, his legal services to the poor and to community organizations for little or no compensation, the absence of greed and his son’s very serious neurological problems. The Court agreed with our determination.

In Khoudary, the attorney was convicted of structuring financial transactions to evade IRS reporting requirements. Unlike the attorney in Chung, Khoudary expected remuneration for his conduct. Khoudary received a two-year suspension.

In the OAE’s view, respondent’s conduct was more serious than Chung’s and Khoudary’s because his conviction was based on four transactions that encompassed a ten-month period. In addition, unlike Chung and Khoudary, respondent knew that the proceeds received were the product of unlawful activity.

We agree with the OAE’s assessment of the seriousness of respondent’s conduct and of the discipline that it requires, a three-year suspension. We do not believe that respondent’s actions rose to the level of the criminal offenses committed by an attorney who was disbarred. In re Lunetta, supra, 118 N.J. 443 (1989) (guilty plea to an information charging attorney with knowingly and willfully conspiring to receive, sell and dispose of stolen securities; the attorney was part of the conspiracy and received payment for his role).

For respondent's criminal conduct, we determined to impose a three-year suspension, retroactive to February 9, 1999, the date of his temporary suspension.

One member did not participate.

We further determined to require respondent to reimburse the Disciplinary Oversight Committee for administrative costs.

Disciplinary Review Board  
Rocky L. Peterson, Chair

By: Robyn M. Hill  
Robyn M. Hill  
Chief Counsel

**SUPREME COURT OF NEW JERSEY  
DISCIPLINARY REVIEW BOARD  
VOTING RECORD**

In the Matter of Stanley J. Hausman  
Docket No. DRB 02-363

Argued: December 19, 2002

Decided: May 2, 2003

Disposition: Three-year suspension

<i>Members</i>	<i>Disbar</i>	<i>Three-year Suspension</i>	<i>Reprimand</i>	<i>Admonition</i>	<i>Dismiss</i>	<i>Disqualified</i>	<i>Did not participate</i>
<i>Peterson</i>		X					
<i>Maudsley</i>		X					
<i>Boylan</i>		X					
<i>Brody</i>		X					
<i>Lolla</i>		X					
<i>O'Shaughnessy</i>		X					
<i>Pashman</i>		X					
<i>Schwartz</i>							X
<i>Wissinger</i>		X					
<b>Total:</b>		8					1

*Robyn M. Hill* 5/7/03  
Robyn M. Hill  
Chief Counsel