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March 27, 2025

**VIA CERTIFIED, REGULAR & ELECTRONIC MAIL**

Stephen G. Pape, Esq.  
187 Anderson Avenue  
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Re: **In the Matter of Stephen G. Pape**  
Docket No. DRB 25-008  
District Docket No. XIV-2022-0242E  
**LETTER OF ADMONITION**

Dear Mr. Pape:

The Disciplinary Review Board (the Board) reviewed your conduct in the above matter and concluded that it was improper. Following a review of the record, the Board determined to impose an admonition for your violation of RPC 1.15(a) (negligently misappropriating client funds), RPC 1.15(b) (failing to promptly disburse funds), and RPC 1.15(d) (failing to comply with the recordkeeping requirements of R. 1:21-6).

Specifically, you represented client Burgos, who was purchasing a property in Paterson, New Jersey (the Property). You also served as the settlement agent for the transaction. The Property was sold via short sale; therefore, the seller was the lender holding the note and mortgage on the Property.

On March 19, 2015, the sale of the Property closed. All of the sale proceeds for the transaction were deposited in your attorney trust account (ATA). Four days later, you deposited in your attorney business account (ABA), a \$2,499 ATA check with the notation “FOR Burgos.” Your corresponding ATA check stub indicated that the check had been issued for “2499—” to yourself. The undated check stub bore no additional descriptive information.

Additionally, in connection with the sale of the Property, you prepared the HUD-1 form, setting forth your fee as \$2,050, inclusive of \$1,500 in legal fees and \$550 in costs. Notably, there is a \$449.99 difference between the March 23, 2015 check you issued to yourself and the fee you set forth on the March 19, 2015 HUD-1. You were unable to explain the discrepancy and the OAE was unable to identify any explanation beyond a “mistake.”

The HUD-1 listed \$3,583.52 being owed toward the seller’s unpaid taxes, water, and penalties for the Property; accordingly, that amount appeared in the seller’s column of the HUD-1 as a deduction from the seller’s gross sales proceeds. However, after the sale of the Property closed, you discovered that the actual amount due for the outstanding charges was \$360.23. Therefore, on March 20, 2015, you issued a \$214.10 ATA check to the City of Paterson and a \$146.13 ATA check to the Passaic Valley Water Company. Those disbursements resulted in an escrow balance of \$3,223.29, which remained in your ATA for more than two years.

In your August 30, 2019 letter to the OAE, you explained that, after reviewing your ATA bank statement, you identified \$3,000 for which you could not account. Nevertheless, you determined that the funds were related to the Burgos matter and represented fees you had forgotten to disburse. Consequently, you issued a \$2,300 ATA check to yourself for legal fees.

During an October 16, 2019 demand interview, you admitted that you took a \$2,499 legal fee at the time of the Property’s closing. However, you also told the OAE that, when you issued the \$2,300 ATA check to yourself two years later, you assumed that you had not taken your fee in the Burgos matter because you “didn’t realize [you] had already taken it.” You explained that, before disbursing \$2,300 to yourself, you looked through check stubs in the Burgos matter but did not find a stub for legal fees. Consequently, you determined that the remaining funds were owed to you as a legal fee. You also told the OAE that you did not receive cancelled checks from your bank, and that you had reviewed

your checking account and check stubs to determine whether you had paid yourself a legal fee in the Burgos matter.

The OAE acknowledged that, following its investigation, it did not find clear and convincing evidence that you knowingly misappropriated entrusted funds. Instead, the OAE asserted that its thorough review of your financial records revealed only this once instance of misappropriation, notwithstanding your failure to maintain your financial records in accordance with R. 1:21-6. At the conclusion of the OAE's investigation, however, you had corrected all your deficiencies and were maintaining your financial records in accordance with R. 1:21-6.

Additionally, you admitted that the funds held in your ATA in connection with the sale of the Property should have been provided to the seller/lender, given the short sale nature of the transaction. However, during your interview with the OAE, you could not recall any conversations you had regarding the Property's outstanding charges but knew that you had sent the tax authorities and water company the checks at the time of the closing. You also told the OAE that you then simply forgot about the excess Burgos funds that were held in your ATA.

At the time of the October 16, 2019 demand interview, you told the OAE you had not replenished your ATA because you were waiting until that date to do so. Yet, you also stated that, before replenishing the funds, you still needed to determine whether the \$2,300 you had disbursed to yourself belonged to the lender or to Burgos. To do so, you were attempting to determine whether the lot and block numbers on the Property's deed that you received at the time of the Property's closing were correct. During the demand interview, the OAE directed you to reimburse the \$2,300 to your ATA, determine who was entitled to the funds, and disburse the funds to the appropriate party.

Consequently, two days later, you provided the OAE with a copy of a \$2,300 ABA check, dated October 18, 2019, along with an ATA deposit slip, demonstrating that you had reimbursed your ATA for the Burgos funds. Thereafter, on November 4, 2019, you provided the OAE with information indicating the lot and block numbers that appeared on the Property's deed were incorrect. Finally, on December 5, 2019, you provided the OAE with a copy of a letter, dated October 22, 2019, that you sent to Burgos requesting that he provide you with any bills or payments made for taxes, water, or sewer

purchases for the Property prior to purchasing it. Thereafter, you began an unfruitful attempt to remit \$3,252.93 to the original lending company, and its successor owners. Ultimately, on January 12, 2024, you deposited \$3,252.93 with the Superior Court Trust Fund.

Based on the above facts, you admittedly violated RPC 1.15(a), RPC 1.15(b), and RPC 1.15(d).

In imposing only an admonition, the Board accorded significant weight to your lack of prior discipline in forty-seven-years at the bar. Also in mitigation, you admitted to your misconduct and corrected your recordkeeping deficiencies.

Your conduct has adversely reflected not only on you as an attorney but also on all members of the bar. Accordingly, the Board has directed the issuance of this admonition to you. R. 1:20-15(f)(4).

A permanent record of this occurrence has been filed with the Clerk of the Supreme Court and the Office of Board Counsel. Should you become the subject of any further discipline, this admonition will be taken into consideration.

The Board also has directed that the costs of the disciplinary proceedings be assessed against you. An invoice of costs will be forwarded to you under separate cover.

Very truly yours,

*/s/ Timothy M. Ellis*

Timothy M. Ellis  
Chief Counsel

TME/akg  
Enclosures

c: Chief Justice Stuart Rabner  
Associate Justices  
Heather Joy Baker, Clerk  
Supreme Court of New Jersey  
Hon. Mary Catherine Cuff, P.J.A.D. (Ret.), Chair  
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Johanna Barba Jones, Director  
Office of Attorney Ethics (e-mail)  
Jennifer Iseman, Assistant Chief of Litigation  
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