

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of:)	
)	
DAVID WILLIAM BELCONIS)	Commission No. 2019PR00058
Attorney-Respondent,)	
)	
No. 6193077.)	

COMPLAINT

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney, Gina M. Abbatemarco, pursuant to Supreme Court Rule 761(d), complains of Respondent, David William Belconis, who was licensed to practice law in Illinois on November 6, 1986, and alleges that Respondent has engaged in the following conduct which subjects Respondent to discipline pursuant to Supreme Court Rule 770:

(Conviction for mail and wire fraud and making materially false statements)

A. *Procedural History of Respondent’s Criminal Case*

1. On July 1, 2015, a special federal grand jury in the Northern District of Illinois charged Respondent and five other individuals in a 25-count criminal indictment. That indictment charged Respondent with the offenses of mail fraud, wire fraud, and making false statements on settlement statements in connection with the sales of condominiums. The clerk of the court docketed the matter as *United States of America v. Belconis, et al.*, case number 15 CR 399.

2. Between September 11, 2017 and October 3, 2017 a jury trial was held in *U.S. v. Belconis*. On October 16, 2017, the jury returned a partial verdict against Respondent on Counts

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10, 13, 21, 22, and 24 of the indictment, finding Respondent guilty of one count (Count 10) of mail fraud in violation of Title 18, United States Code, Section 1341; one count (Count 13) of wire fraud in violation of Title 18, United States Code, Section 1343; and three counts (Counts 21, 22, and 24) of making false statements in violation of Title 18, United States Code, Sections 1014 and 2. A mistrial was declared as to Counts 1, 2, 4, 5, 6, 8 and 18, and they were dismissed.

3. On October 9, 2018, the Honorable Manish S. Shah imposed judgment (which was then entered on October 17, 2018) in case number 15 CR 399 adjudicating Respondent guilty of mail fraud, wire fraud and making false statements in residential real estate settlement statements, in violation of Title 18, United States Code, Sections 1341, 1343, 1014 and 2, as alleged in Counts 10, 13, 21, 22, and 24 of the 25-count criminal indictment. On that date, Judge Shah sentenced Respondent to be imprisoned for one day, time considered served, to be followed by two-year term of supervised release subject to conditions, including a period of six months of home confinement and that Respondent pay \$190,485 in restitution, \$500 in special assessments, and \$10,000 in fines.

B. *Summary of the Criminal Charges*

4. The July 1, 2015 indictment charged that between 2007 and 2009, Respondent participated in a scheme to defraud condominium buyers, borrowers, banks and mortgage lenders (including lenders and entities that purchased mortgage loans in the secondary loan market) in connection with a residential real estate development in Palatine, Illinois, and known as the Woods at Countryside (“the Woods”). The indictment charged that Respondent and the other defendants caused banks and mortgage lenders to fund risky investment deals that were supported by inadequate collateral, because the unpaid mortgage balances exceeded the market

values of the condominiums. As a result of their conduct, the lenders originating the loans and entities purchasing those loans in the secondary loan market incurred losses of more than \$16,000,000. (Count 1, ¶ 45 (a-f) of the indictment)

5. Specifically, the indictment charged that the Woods' real estate developers solicited and induced investors to purchase condominiums in the Woods by misrepresenting: the amount of rental income investors would collect; the amount of risk involved in purchases (*Id.*, at ¶5(a)); and guaranteeing to investors (who did not have the financial ability to pay to purchase multiple condominium units) that if they purchased multiple units, the developers would refund down payments and make payments of all property costs, including property taxes, assessments and mortgage payments for a two-to three-year time period in exchange for possessory and equity interests in the properties. (*Id.*, at ¶ 3(a), 5(a), 7 and 9(c)) In the real estate contracts for these condominium purchases, the developers did not disclose the down payment refunds and other financial inducements they provided to investors, (which effectively reduced the purchase price of those properties), or that the developers retained possessory and equity interests in the properties. (*Id.*, at ¶ 9(a-c))

6. In furtherance of the scheme, the indictment charged that the mortgage loan broker prepared mortgage loan applications on behalf of the investors which falsely stated the employment income and assets information for the buyers, that the condominiums would be used as the buyers' primary residences, and that did not disclose the developers' refunds of down payments or the buyers' additional mortgages in connection with purchases of other units. (*Id.*, at ¶ 14(a-d)) The loan applications also included the real estate contracts containing false statements and material omissions. (*Id.*, at ¶ 15) The false loan applications were designed to

induce lenders to approve non-conforming loans and to disburse millions of dollars in loan proceeds to unqualified borrowers. (*Id.*)

7. The developers then referred the investors to Respondent and his title company, Classic Title, LLC, for the closings on the properties. (Count 1, ¶ 16 of the indictment) Between December 2007 and January 2008, in connection with the closings on two properties at the Woods, Respondent assisted in the developers' in their fraudulent scheme by causing false closing documents (including false settlement statements) to be submitted to Wells Fargo Home Mortgage (a division of Wells Fargo Bank) and Countrywide Bank. The settlement statements falsely stated that one buyer had paid \$25,337 and the other \$16,043 in cash at the closings, when Respondent knew that the developers, through corporate entities and shell companies, were the source of those funds and that they would be reimbursed the down payment amount from the fraudulently-obtained mortgage loans. (*Id.*, at Count 10 at ¶ 2, Count 21 at ¶ 2 and Count 24 at ¶ 2) The settlement statement Respondent submitted to the lender also falsely stated that one of the buyers had paid the cash from her checking or savings account, when Respondent knew that the developers' company had paid the funds. (*Id.*, at Count 22 at ¶2) Further, Respondent caused Countrywide Bank to disburse by wire transfer \$142,162 in mortgage loan proceeds to fund one of the fraudulent loans. (*Id.*, at Count 13 at ¶ 2)

8. As a result of the order of conviction described above, Respondent has engaged in the following misconduct:

- a. committing a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects, by conduct including committing the offenses of mail fraud, wire fraud, and false statements violation of Title 18, United States Code, Sections 1341, 1343, and 1014 and 2, respectively, in violation of in violation of 8.4(a)(3) of the Illinois Rules of Professional Conduct (1990); and

- b. conduct involving dishonesty, fraud, deceit or misrepresentation, by conduct including making false statements about the source of the funds provided by the purchasers on settlement statements and transmitting those false documents to lenders so that the lenders would fund fraudulent loans violation of Title 18, United States Code, Sections 1341, 1343, and 1014 and 2, respectively, in violation of Rule 8.4(a)(4) of the Illinois Rules of Professional Conduct (1990).

WHEREFORE, the Administrator respectfully requests that this matter be assigned to a panel of the Hearing Board, that a hearing be held pursuant to Rule 761(d), and that the panel make findings of fact, conclusions of fact and law, and a recommendation for such discipline as is warranted.

Respectfully submitted,

Jerome Larkin, Administrator
Attorney Registration and
Disciplinary Commission

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