UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

FILED
IN CLERKS OFFICE
2011 NOV 30 A 10:24
U.S. DISTRICT COURT
DISTRICT OF MASS.

UNITED STATES OF AMERICA)
)
v.) Criminal No.
)
CRAIG J. MARTIN) Violations:
) 18 U.S.C. § 1344
Defendant.) (bank fraud)
)
)
)

cr 11-10390

INFORMATION

The United States Attorney charges that:

GENERAL ALLEGATIONS

At all times relevant to the charges in this Information:

Background

1. Defendant CRAIG J. MARTIN ("MARTIN") was an attorney licensed in the Commonwealth of Massachusetts who resided in East Falmouth, Massachusetts and was the principal of Law Offices of Craig J. Martin and Associates, P.C. located in Taunton, Massachusetts.

2. First Citizen's Federal Credit Union ("FCFCU") is a Fairhaven, Massachusetts-based mortgage lender. It is a "Financial Institution," as defined in Title 18, United States Code, Section 20.

3. Ocean Spray Employees' Federal Credit Union ("OSEFCU") is a Lakeville, Massachusetts-based mortgage lender. It is a "Financial Institution," as defined in Title 18, United States Code, Section 20.

4. Sovereign Bank is a Boston, Massachusetts-based financial holding company. It is a "Financial Institution," as defined in Title 18, United States Code, Section 20.

5. Connecticut Attorneys Title Insurance Company ("CATIC") is a title insurance company headquartered in Rocky Hill, Connecticut. CATIC offered title insurance for properties purchased in various states, including Massachusetts.

Martin's Law Practice

6. As part of his law practice, MARTIN performed real estate closings for properties located in Massachusetts.

7. A settlement attorney, or "closing agent," is responsible for following the closing instructions provided by mortgage lenders including, among other things, receiving the loaned funds, disbursing loaned funds to the seller and paying off pre-existing mortgages as directed.

8. Ordinarily, mortgage lenders wire transfer funds to escrow accounts maintained by settlement attorneys who handle real estate closings. The settlement attorneys, in turn, disburse funds from their escrow accounts to various individuals and entities. These disbursements are detailed on the standardized form, the U.S. Department of Housing and Urban Development Uniform Settlement Statement ("HUD-1"), which is required by the Real Estate Settlement Procedures Act for all real estate transactions which involve any federally-related mortgage loan.

9. Mortgage lenders also commonly direct closing attorneys to procure title insurance that covers the lender for an amount equal to the loan on the property. Title insurance is insurance against any encumbrances and other possible problems with the title to the property.

10. Between July 19, 2000 and October 2010, MARTIN was an authorized agent of CATIC and was authorized to sell CATIC title insurance policies to purchasers of property in Massachusetts. MARTIN was authorized to sell CATIC title insurance policies only after performing title searches and determining that there were no encumbrances on the properties in question. To the extent that properties were subject to previous mortgages and other encumbrances, MARTIN was responsible for clearing such encumbrances by, for example, causing the previous mortgages to be paid off and released, before he was permitted to issue a title insurance policy. As compensation for his services in selling and issuing the CATIC policies, MARTIN was paid a commission equal to 70% of the premium on each policy.

11. MARTIN maintained several escrow accounts, also known as a conveyancing accounts, including FCFCU account number ******4786 (the "FCFCU Conveyancing Account"), Eastern Bank account number ******8228 (the "Eastern Bank Conveyancing Account"), and OSEFCU account number ******2006 (the "OSEFCU Conveyancing Account"). In performing real estate closings, MARTIN arranged for the deposit of loaned funds into his conveyancing accounts.

MARTIN'S FRAUD

12. Between 2007 and October 2010, MARTIN defrauded at least eight mortgage lenders and CATIC by misappropriating approximately $3,005,445.64 in loaned funds rather than disbursing those funds to pay off pre-existing mortgages. Two of the fraudulent transactions are detailed below.

Closing of 8 Worcester Avenue, Falmouth, Massachusetts

13. On or about July 16, 2010, MARTIN acted as the settlement attorney for the refinance of a mortgage secured by property located at 8 Worcester Avenue, Falmouth, Massachusetts. The balance of the existing Sovereign Bank mortgage was approximately $498,783.93. The borrowers obtained a mortgage loan in the amount of $417,000 and an advance on a home equity line of credit in the amount of $84,600. The lender for the transaction, FCFCU, provided closing instructions to MARTIN prior to the closing. Among other things, the closing instructions directed: "Payoff: Sovereign with discharge." On behalf of FCFCU, Martin purchased a title insurance policy from CATIC for the transaction.

14. On or about July 15, 2010, FCFCU deposited $496,635.15 into MARTIN's FCFCU Conveyancing Account.

15. At the closing, MARTIN signed a HUD-1 Settlement Statement which reported a mortgage payoff to Sovereign Bank in the amount of $498,783.93.

16. In actuality, as MARTIN well knew and intended, instead of paying off the Sovereign mortgage, MARTIN diverted the monies he received for the closing and used them for his own purposes, including payments on four mortgage liens on other properties.

17. Thereafter, MARTIN attempted to conceal his diversion of loan proceeds by preventing others from discovering that he had failed to pay off the Sovereign mortgage. In order to forestall default and foreclosure on the undischarged Sovereign mortgage, on two occasions between August 2010 and September 2010, MARTIN used funds from his Eastern Bank Conveyancing Account to make payments on the Sovereign mortgage. Additionally, on or about October 20, 2010, MARTIN emailed the borrower a copy of check number 21993, purportedly drawn on his Eastern Bank Conveyancing Account, made payable to Sovereign Bank in the

amount of $498,783.93, dated July 21, 2010. In fact the check was never negotiated through the Eastern Bank Conveyancing Account. MARTIN also emailed the borrower a forged document captioned "Release of Mortgage," which MARTIN falsely represented to the borrower to be a discharge of the Sovereign mortgage.

Closing of 7 Chardonnay Lane, Plymouth, Massachusetts

18. On or about September 30, 2010, MARTIN acted as the settlement attorney for the refinance of a mortgage secured by property located at 7 Chardonnay Lane, Plymouth, Massachusetts. The borrower obtained a mortgage loan in the amount of $240,000. The lender for the transaction was OSEFCU. When Martin was first hired by OSEFCU to act as a closing attorney, OSEFCU instructed Martin that his duties and responsibilities as a closing attorney for OSEFCU included the payment of any existing liens. Supporting documentation was provided to MARTIN identifying Sovereign Bank loan # 0866202673, in the amount of $171,895.41 as one of the liens to be paid off. On behalf of OSEFCU, Martin purchased a title insurance policy from CATIC for the transaction.

19. On or about September 29, 2010, OSEFCU transferred mortgage proceeds totaling $240,000 into the OSEFCU Conveyancing Account for the purpose of completing the mortgage refinance transaction.

20. At the closing MARTIN signed a HUD-1 Settlement Statement which reported mortgage payoffs, including one to Sovereign Bank in the amount of $171,895.41.

21. In actuality, as MARTIN well knew and intended, instead of paying off the Sovereign mortgage, MARTIN diverted a portion of the monies he received for the closing and used them for his own purposes, including payments on mortgage liens on another property.

22. Thereafter, MARTIN attempted to conceal his diversion of loan proceeds by preventing others from discovering that he had failed to pay off the Sovereign mortgage. In order to forestall default and foreclosure on the undischarged Sovereign mortgage, in October 2010 MARTIN used funds from Rockland Trust account number ******0012, held in the name of Law Offices of Craig J. Martin, P.C., to make a payment on the Sovereign mortgage.

COUNT ONE

(Bank Fraud, 18 U.S.C. §1344)

23. The United States Attorney realleges and incorporates by reference paragraphs 1 through 22 of this Information and further charges that:

On or about July 16, 2010, in the District of Massachusetts and elsewhere,

CRAIG J. MARTIN,

defendant herein, knowingly executed and attempted to execute a scheme to defraud a financial institution and to obtain money, funds and property owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, to wit, by falsely representing the disposition of funds entrusted to him as settlement attorney for the closing on 8 Worcester Avenue, Falmouth, Massachusetts, and by diverting those funds to his own use.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT TWO

(Bank Fraud, 18 U.S.C. §1344)

24. The United States Attorney realleges and incorporates by reference paragraphs 1 through 22 of this Information and further charges that:

On or about September 30, 2010, in the District of Massachusetts and elsewhere,

CRAIG J. MARTIN,

defendant herein, knowingly executed and attempted to execute a scheme to defraud a financial institution and to obtain money, funds and property owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, to wit, by falsely representing the disposition of funds entrusted to him as settlement attorney for the closing on 7 Chardonnay Lane, Plymouth, Massachusetts, and by diverting those funds to his own use.

All in violation of Title 18, United States Code, Sections 1344 and 2.

dated: November 30, 2011

CARMEN M. ORTIZ
United States Attorney

By: _____
KRISTINA E. BARCLAY
Assistant U.S. Attorney
John Joseph Moakley United States Courthouse
1 Courthouse Way, Suite 9200
Boston, MA 02210
(617) 748-3100

JS 45 (5/97) - (Revised U.S.D.C MA 3/25/2011)

Criminal Case Cover Sheet **U.S. District Court - District of Massachusetts**

Place of Offense: **Category No.** III **Investigating Agency** FBI

City Taunton **Related Case Information:**

County Bristol Superseding Ind./ Inf. Case No.

Same Defendant New Defendant

Magistrate Judge Case Number

Search Warrant Case Number

R 20/R 40 from District of

FILED IN CLERKS OFFICE 2011 NOV 30 A 10:25 U.S. DISTRICT COURT DISTRICT OF MASS.

Defendant Information:

Defendant Name Craig J. Martin Juvenile: ☐ Yes ☑ No

Is this person an attorney and/or a member of any state/federal bar: ☑ Yes ☐ No

Alias Name

Address (City & State) Taunton, MA

Birth date (Yr only): 1958 SSN (last4#): 7142 Sex M Race: Nationality:

Defense Counsel if known: Robert M. Goldstein Address 20 Park Plaza, Suite 1000

Bar Number 630584 Boston, MA 02216

U.S. Attorney Information:

AUSA Kristina E. Barclay Bar Number if applicable 640848

Interpreter: ☐ Yes ☑ No List language and/or dialect:

Victims: ☑ Yes ☐ No If yes, are there multiple crime victims under 18 USC§3771(d)(2) ☐ Yes ☑ No

Matter to be SEALED: ☐ Yes ☑ No

☐ Warrant Requested ☑ Regular Process ☐ In Custody

Location Status:

Arrest Date

☐ Already in Federal Custody as of in .

☐ Already in State Custody at ☐ Serving Sentence ☐ Awaiting Trial

☐ On Pretrial Release: Ordered by: on

Charging Document: ☐ Complaint ☑ Information ☐ Indictment

Total # of Counts: ☐ Petty ☐ Misdemeanor ☑ Felony 2

Continue on Page 2 for Entry of U.S.C. Citations

☑ **I hereby certify that the case numbers of any prior proceedings before a Magistrate Judge are accurately set forth above.**

Date: 11/30/11 Signature of AUSA:

District Court Case Number (To be filled in by deputy clerk): _____

Name of Defendant Craig J. Martin

U.S.C. Citations

	Index Key/Code	Description of Offense Charged	Count Numbers
Set 1	18 U.S.C. 1344	Bank Fraud	1-2
Set 2			
Set 3			
Set 4			
Set 5			
Set 6			
Set 7			
Set 8			
Set 9			
Set 10			
Set 11			
Set 12			
Set 13			
Set 14			
Set 15			

ADDITIONAL INFORMATION: